



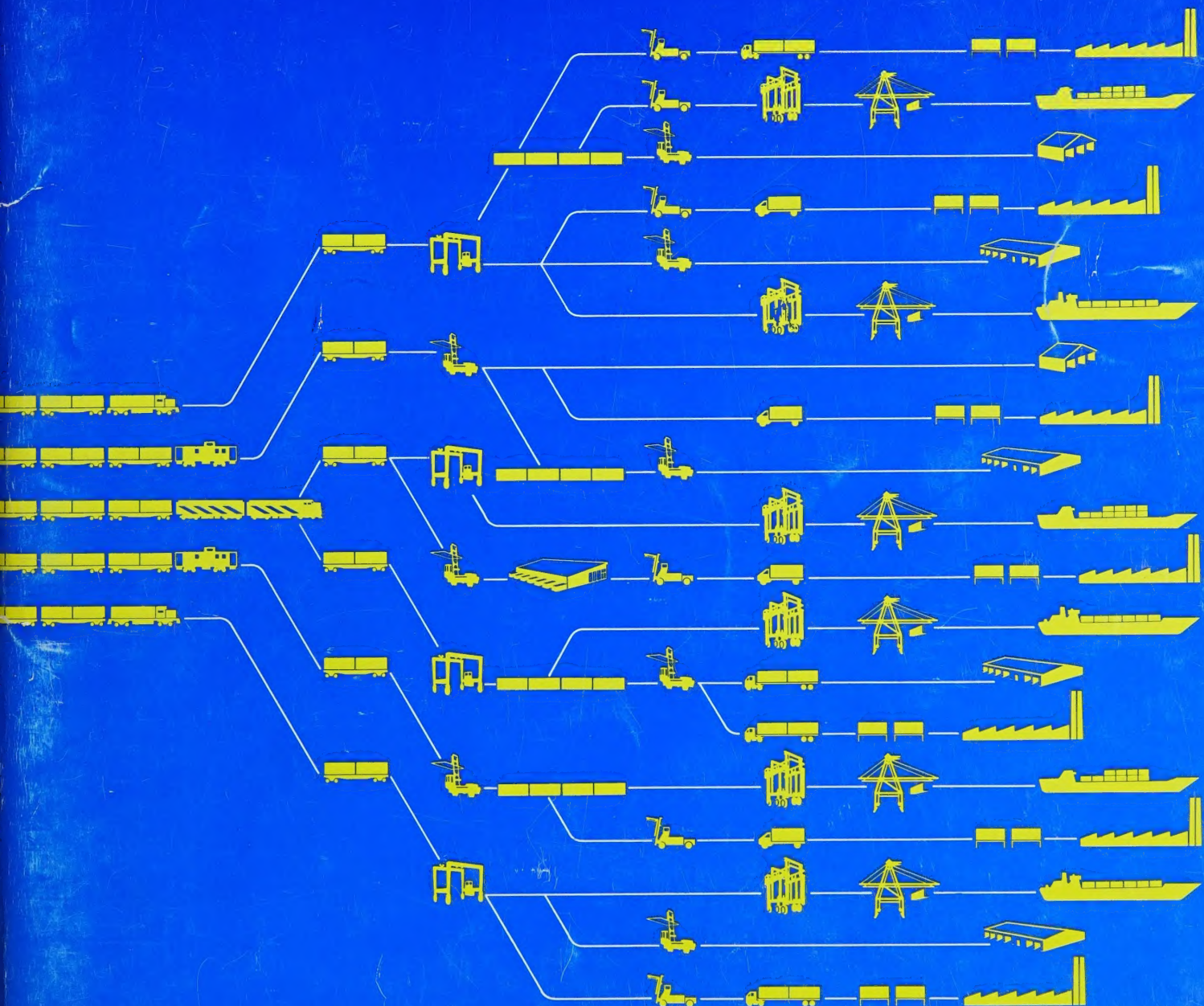
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Canadian National Railways  
Annual Report 1968


Chemins de fer Nationaux du Canada  
Rapport annuel 1968

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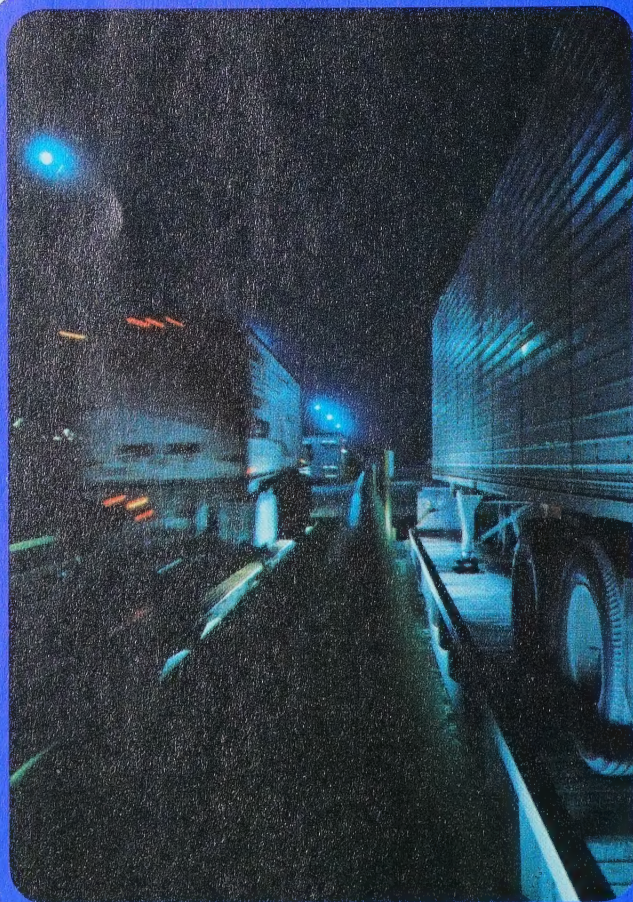


To The Honourable, The Minister of Transport  
Ottawa, Canada

The Board of Directors submits hereunder  
the Annual Report of Canadian National Railways  
for the year 1968.

A l'honorable Ministre des Transports  
Ottawa, Canada

Le Conseil d'administration a l'honneur de vous présenter  
le rapport des Chemins de fer Nationaux du Canada  
pour l'année 1968.





# Financial Review

# Situation financière

## General

Against a background of improvement in the general economy, Canadian National experienced increases in volume of business and gross income during 1968 and was able to achieve a better net financial result than in the previous year.

Gross revenues of \$1,072.7 million were the highest in the history of the Company. Net income (before interest on debt) was \$41.2 million compared with \$29.2 million in 1967. After providing for interest charges there was a deficit of \$29.2 million; an improvement of \$6.7 million over the deficit of 1967.

The following table compares operating results for the two years:

	1968 In Millions	1967 In Millions	Increase or (Decrease)
Gross revenues <i>1.133</i>	\$1,072.7	\$1,049.9	\$22.8 <i>+2.2%</i>
Less non-rail revenues*	110.8	104.7	6.1
Railway operating revenues <i>1.014</i>	961.9	945.2	16.7
Railway operating expenses <i>995</i>	943.2	942.4	0.8
Net railway operating income	18.7	2.8	15.9
Other income	22.5	26.4	(3.9)
Net income before interest on debt <i>49.6</i>	41.2	29.2	12.0
Net interest on debt <i>74.2</i>	70.4	65.1	5.3
Deficit <i>24.6</i>	\$ 29.2	\$ 35.9	\$ (6.7)

\*Telecommunications (commercial services), CN-operated hotels and separately operated trucking companies. Net results of these operations and other transactions are included in Other income.

The financial results of 1968 represent a resumption of the improvement which has taken place each year since 1960, with the exception of 1967 when the overall financial position was adversely affected by a slowdown in the general economy. Important factors in the improvement were the control of operating expenses, in spite of higher prices and wage rates, and increased productivity in the face of a higher work load.

Railway operating expenses increased \$0.8 million, or 0.1% to \$943.2 million compared with 1967. However, the 1968 expenses include a total of \$31.5 million for additional wage award costs compared with 1967. The increase was made up of \$30.9 million for wages and \$0.6 million for added pension costs. Eliminating the effect of the wage awards, railway operating expenses were down by \$30.7 million or 3.3%.

## Vue d'ensemble

Le mouvement de croissance générale de l'économie s'est traduit pour les Chemins de fer Nationaux par une augmentation du chiffre d'affaires et du revenu brut. Les résultats financiers se sont améliorés par rapport à l'exercice précédent.

Les recettes brutes atteignent \$1,072.7 millions, soit le chiffre le plus élevé de l'histoire de la Compagnie. Le revenu net, avant intérêts, s'établit à \$41.2 millions contre \$29.2 millions en 1967. Après déduction des intérêts, les résultats accusent un déficit de \$29.2 millions, soit \$6.7 millions de moins que l'année précédente.

Le tableau comparatif ci-dessous résume les résultats d'exploitation:

	1968 en millions	1967 en millions	Augmentation (diminution)
Recettes brutes	\$1,072.7	\$1,049.9	\$22.8
Moins recettes extraferroviaires*	110.8	104.7	6.1
Recettes de l'exploitation ferroviaire	961.9	945.2	16.7
Dépenses de l'exploitation ferroviaire	943.2	942.4	0.8
Revenu net de l'exploitation ferroviaire	18.7	2.8	15.9
Revenus annexes	22.5	26.4	(3.9)
Revenu net avant intérêts de la dette	41.2	29.2	12.0
Intérêts de la dette	70.4	65.1	5.3
Déficit	\$ 29.2	\$ 35.9	\$ (6.7)

\*Télécommunications commerciales, hôtels en gestion directe et entreprises autonomes de camionnage. Les revenus annexes regroupent les résultats de ces différentes activités et d'autres opérations.

Les résultats de l'exercice confirment la tendance qui s'est manifestée par une réduction annuelle du déficit depuis 1960, sauf en 1967, année qui connut un ralentissement général de l'économie. Il convient de souligner qu'il a été possible, en 1968, de contenir les dépenses d'exploitation en dépit des augmentations de prix et de salaires et que la productivité a augmenté face à l'accroissement du trafic.

Les dépenses de l'exploitation ferroviaire accusent une augmentation de \$0.8 million, soit 0.1%, pour atteindre \$943.2 millions, chiffre qui comprend une augmentation des charges salariales de \$31.5 millions, soit \$30.9 millions en salaires et \$0.6 million en pensions de retraite. Les autres frais d'exploitation ferroviaire ont diminué de \$30.7 millions, soit 3.3%.



## Revenues

Gross revenues from railway and other CN operations improved by \$22.8 million or 2.2% in 1968.

Railway operating revenues amounted to \$961.9 million, an improvement of \$16.7 million or 1.8%. Freight services revenues increased by 4.5%, Express by 13.9% and Other revenues by 1.7%. Passenger services revenues declined by 15.8% and Mail revenues by 9.8%. A comparative summary follows:

	1968 In Millions	1967	Increase or (Decrease)
Freight services <i>745.6</i>	\$726.3	\$695.3	\$ 31.0 <i>+4.5%</i>
Passenger services <i>76.4</i>	70.6	83.9	(13.3) <i>-15.8%</i>
Mail	11.9	13.2	( 1.3) <i>-9.8%</i>
Express <i>89.0</i>	63.0	55.3	7.7 <i>+13.9%</i>
Other	35.0	34.4	0.6 <i>+1.7%</i>
Payments related to National Transportation Act	55.1	63.1	( 8.0)
Total	\$961.9	\$945.2	\$ 16.7 <i>+1.8%</i>

## Federal Government Payments

Under the National Transportation Act of 1967 a number of specific subsidies for services provided in the national interest were replaced by payment to the railways of transitional subsidies (or "Normal Payments") beginning in 1967 and continuing in diminishing amounts each year until 1974. The following table compares Federal Government payments to CN in 1967 and 1968:

	1968 In Millions	1967	Increase or (Decrease)
Payments related to National Transportation Act	\$ 55.1	\$ 63.1	\$ (8.0)
Maritime Freight Rates Act	11.9	12.1	(0.2)
Newfoundland and P.E.I. Steamship Services	29.4	28.1	1.3
Total	\$ 96.4	\$103.3	\$ (6.9)

The decrease of \$8 million in payments related to the National Transportation Act represents the extent to which the yearly reduction in the Normal Payments affected CN revenues in 1968.

## Expenses

Excluding the cost of the wage awards mentioned above, transportation expenses decreased \$15.6 million, with reductions being effected in both freight and passenger services. Expenses in respect to freight services were down as a result of longer trains and improved utilization of car equipment. An important reflection of increased productivity was a decrease of 9.1% in freight train miles despite the fact that the work load in gross ton miles was up 1.3%.

## Recettes

Les recettes brutes des activités ferroviaires et extra-ferroviaires augmentent de \$22.8 millions, soit 2.2%.

Les recettes de l'exploitation ferroviaire (\$961.9 millions) dépassent de \$16.7 millions ou 1.8% celles de 1967. Elles se comparent à ces dernières comme suit. Augmentations: marchandises 4.5%, messageries 13.9%, divers 1.7%; diminutions: voyageurs 15.8%, transports postaux 9.8%. Voici la répartition de ces recettes:

	1968 en millions	1967	Augmentation (diminution)
Services marchandises	\$726.3	\$695.3	\$ 31.0
Services voyageurs	70.6	83.9	(13.3)
Transports postaux	11.9	13.2	(1.3)
Messageries	63.0	55.3	7.7
Divers	35.0	34.4	0.6
Subventions—Loi nationale sur les transports	55.1	63.1	(8.0)
Total	\$961.9	\$945.2	\$ 16.7

## Subventions fédérales

En vertu de la Loi nationale sur les transports adoptée en 1967, les subventions spécifiques attachées aux services d'utilité publique ont été remplacées par des subventions transitoires décroissantes appelées «paiements normaux», qui seront versées jusqu'en 1974. Les subventions fédérales pour les années 1967 et 1968 figurent au tableau comparatif suivant:

	1968 en millions	1967	Augmentation (diminution)
Au titre de la Loi nationale sur les transports	\$ 55.1	\$ 63.1	\$ (8.0)
Au titre de la Loi sur les taux de transport des marchandises dans les provinces Maritimes	11.9	12.1	(0.2)
Pour la desserte maritime de Terre-Neuve et de l'Île-du-Prince-Édouard	29.4	28.1	1.3
Total	\$ 96.4	\$103.3	\$ (6.9)

La diminution de \$8 millions des subventions versées au titre de la Loi nationale sur les transports montre la répercussion qu'a, déjà en 1968, le régime des «paiements normaux» sur les recettes du CN.

## Dépenses

Mis à part les relèvements de salaires, les dépenses de transport proprement dites, marchandises et voyageurs, ont diminué de \$15.6 millions grâce, dans le premier cas, à l'exploitation de trains plus longs et à une meilleure utilisation du matériel. Cet accroissement de productivité se reflète dans le nombre de trains-milles qui a diminué de 9.1% tandis que le tonnage transporté, exprimé en tonnes-milles brutes, s'est accru de 1.3%.



## Railway Operating Revenues

## Recettes de l'exploitation ferroviaire

75.5% Freight services

7.3% Passenger services

17.2% Other



Services marchandises 75.5%

Services voyageurs 7.3%

Diverses 17.2%

## Railway Operating Expenses

## Dépenses de l'exploitation ferroviaire

55.2% Operating wages

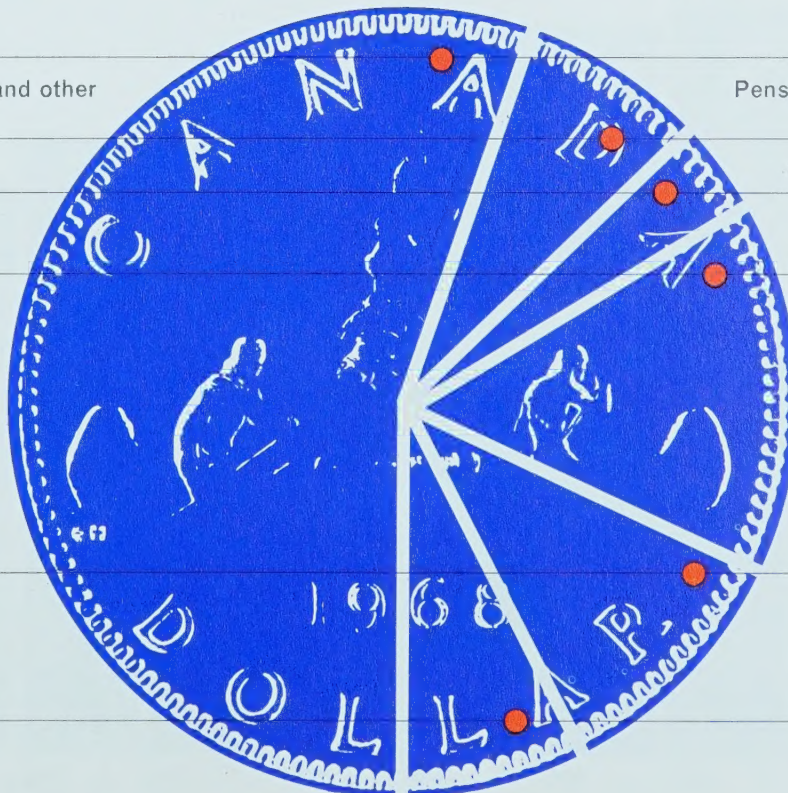
7.4% Pensions, welfare and other employee benefits

3.4% Locomotive fuel

15.9% Material and supplies

10.4% Depreciation

7.7% Other expenses



Salaires 55.2%

Pensions et autres formes de sécurité sociale 7.4%

Carburant de traction 3.4%

Fournitures et approvisionnements 15.9%

Amortissement 10.4%

Diverses 7.7%



Passenger train expenses were down mainly because of a lighter work load compared with 1967 when there was an exceptionally high volume of traffic due to Expo '67 and various Centennial activities.

The average number of employees on the System amounted to 85,240, a decrease of 7,820 from the 1967 average. Average annual earnings per employee were \$6,993, an increase of 7.7% over 1967.

Total System depreciation in 1968 amounted to \$114.4 million and was \$3.2 million higher than 1967, the increase being due to increased investment in depreciable property.

System taxes in 1968 increased by \$3.2 million to \$46.6 million of which \$40.2 million was charged to railway operating expenses. Property taxes increased by \$2.5 million owing to generally higher municipal assessments while Provincial taxes were up \$0.8 million mainly because of increases in taxation on diesel fuel.

Net interest on debt amounted to \$70.4 million which was \$5.3 million more than in 1967. The additional interest cost was due to refinancing with the Government of Canada the \$55.8 million issue of 5% bonds which matured May 15, 1968, and to renewing loans from the Government of Canada, all at a higher level of interest rates. The effective rate of interest on the debt outstanding at December 31, 1968 was 5.18% compared with 4.73% at December 31, 1967.

Dans le secteur voyageurs, les dépenses ont diminué surtout à cause d'une baisse de trafic par rapport à 1967, année qui fut exceptionnelle en raison de l'Expo et des manifestations du Centenaire.

L'effectif moyen de la Compagnie a été de 85,240 employés, soit 7,820 de moins que l'année précédente, et le salaire moyen s'est établi à \$6,993, soit une augmentation de 7.7%.

L'amortissement s'élève à \$114.4 millions, soit une augmentation de \$3.2 millions qui correspond à un accroissement des investissements en biens amortissables.

En 1968, les charges fiscales s'élèvent de \$3.2 millions à \$46.6 millions, dont \$40.2 millions intégrés aux dépenses d'exploitation. Les impôts fonciers augmentent de \$2.5 millions par suite de la majoration des taxes municipales, et les impôts provinciaux, de \$0.8 million par suite de majorations des taxes sur le carburant diesel.

Les intérêts nets de la dette s'élèvent à \$70.4 millions, soit \$5.3 millions de plus qu'en 1967. Cette différence s'explique par la consolidation, auprès du Gouvernement fédéral, des obligations à 5% échues le 15 mai 1968 et par le renouvellement à un taux plus élevé des prêts consentis par le Gouvernement fédéral. Le taux d'intérêt moyen de la dette s'élève à 5.18% au 31 décembre 1968 contre 4.73% au 31 décembre 1967.



## General

Higher work loads and increased productivity marked the movement of carload freight by CN in 1968.

Tonnage of carload freight showed a gain of 2.4% over the previous year. As shown in the chart below, freight train performance, as measured in gross ton miles per freight train hour, continued to improve. The improvement in productivity was achieved mainly by heavier train loading and without affecting quality of service.

Increases in tonnage and revenues were recorded for lumber, plywood, iron and steel, potash, woodpulp and newsprint, vehicle parts, passenger automobiles and chemicals. There was a decrease in tonnage and revenue from grain due to a grain handlers' strike from July 18 to September 13 and a decrease in grain exports. However, the first agreed charge on livestock feed grains was negotiated with the feed grain industry, resulting in all-rail movements during the entire year from Western Canada to the Province of Quebec.

## Généralités

C'est par une augmentation des charges transportées et de la productivité que se distingue en 1968 le trafic en wagons complets.

Le tonnage s'est en effet accru de 2.4%. Comme l'indique le graphique ci-dessous, le rendement en tonnes-milles brutes par heure de train a continué de s'améliorer, en grande partie grâce à l'accroissement de la charge par train. Nous avons réalisé ce gain de productivité tout en maintenant la qualité du service.

Nous enregistrons des augmentations en tonnage et en recettes pour les produits suivants: bois de construction, contre-plaqué, fer et acier, potasse, pâtes de bois et papier journal, produits chimiques, voitures automobiles et pièces détachées. Pour les céréales, le tonnage et les recettes ont diminué, notamment à cause de la grève des manutentionnaires qui a sévi du 18 juillet au 13 septembre et en raison de la baisse des exportations. Mais la première convention tarifaire pour le transport par rail des grains de provende a été conclue avec les céréaliers; elle prévoit l'acheminement, toute l'année, de leurs produits entre l'Ouest et la province de Québec.

Gross Ton Miles per Freight Train Hour  
1959-1968  
in Thousands

Tonnes-milles brutes par heure de train  
1959-1968  
en milliers





## Marketing and Services

A number of significant innovations in carload freight services, which reflect the Company's concern with marketing and customers' needs, went into effect during 1968.

These innovations included a new inter-modal bulk transportation service named Cargo-Flo. This service combines the low cost of long haul by train with the flexibility and speed of road transport for moving dry or liquid bulk commodities. Key to the system is a bulk terminal acting as a receiving and distribution centre to which commodities are shipped in pressure hopper or tank cars for reloading, by means of liquid pumps or air pressure transfer devices, into highway carriers. During 1968 construction of bulk terminals designed to fit this concept was begun in Toronto and Montreal.

CN also extended application of the "unit train" concept to a number of industries during 1968, with resulting productivity improvements that are of benefit to the Company, its customers and the Canadian economy generally.

In early spring the first predesigned unit train in Canada started service between Sherman Mine near Temagami in Northern Ontario and Hamilton. It operates on a 72-hour cycle carrying pelletized ore in cars with automatic loading and unloading devices.

Trainload concepts were also introduced for the Canadian sulphur industry, and continued for the transport of sand, gravel and crushed stone. Additional areas in which unit trains may be employed are now under study. These include forest products, manufacturing and mining industries, and the movement of coal and potash for both domestic and export markets.

A significant development in the movement of forest products was the experimental all-rail handling of newsprint from points of origin in Newfoundland to destinations in Canada and the United States. This traffic previously moved by water. Tests carried out with the co-operation of Bowaters Newfoundland Ltd. and Price (Nfld.) Pulp and Paper Ltd., proved that movement by rail (with loaded cars moved across Cabot Strait by ferry) is feasible. The prospects are good for an expanded market for Company services in this area.

Another innovation in the field of marketing was the inauguration of market oriented siding-to-siding delivery time for carload freight. This means that the Railway picks up carload freight at specified sidings and delivers it to other specified sidings within a specific time.

A third morning siding-to-siding service for Toronto to Winnipeg traffic was introduced in the Spring of 1968. In addition, initial service and reliability studies were completed for all other Central to Western Canada markets. These studies will form the basis of the introduction of similar services for these markets in the Spring of 1969 and for extension to other markets later in 1969 and in 1970.

## Marketing et services

Un certain nombre d'innovations, qui démontrent combien nous nous préoccupons des études de marchés et des besoins de la clientèle, ont vu le jour en 1968.

Parmi ces innovations, citons le nouveau service intégré de transport en vrac nommé Cargo-Flo qui permet de combiner l'économie du train sur longues distances avec la souplesse et la rapidité du transport routier, tant pour les marchandises sèches que pour les liquides. Cette formule repose sur des installations terminales équipées pour la réception et la distribution, où les produits sont expédiés en wagons-trémies à déchargement sous pression ou en wagons-citernes, pour être transbordés, sous pression ou par pompage, dans les véhicules routiers. En 1968 deux installations de ce genre ont été mises en chantier, l'une à Toronto et l'autre à Montréal.

Le CN a aussi étendu l'utilisation des trains-blocs à un certain nombre d'industries. Les avantages de cette formule profitent à la Compagnie, à ses clients et à l'économie nationale dans son ensemble.

C'est au début du printemps que le premier train-bloc conçu comme tel entra en service au Canada entre la mine Sherman, dans le nord de l'Ontario, et Hamilton. Il assure une rotation de 72 heures et transporte du minerai en pellets dans des wagons à chargement et à déchargement automatiques.

Des trains-blocs ont également été mis au service de l'industrie du soufre. Les transports de sable, de gravier et de pierre concassée continuent d'être assurés d'après le même principe. L'extension de la desserte par trains-blocs est à l'étude, notamment pour les produits forestiers, les produits manufacturés, les produits miniers, et pour les mouvements de charbon et de potasse tant en trafic intérieur qu'à l'exportation.

L'une des expériences intéressantes en matière de produits forestiers fut le transport du papier journal, sans rupture de charge, entre Terre-Neuve et le continent. Ce trafic exigeait auparavant un transport mixte. Les essais entrepris en collaboration avec Bowaters Newfoundland Ltd. et Price (Nfld.) Pulp and Paper Ltd. ont démontré que le transport sans rupture de charge est réalisable (les wagons chargés traversent le détroit de Cabot par ferry). Les perspectives dans ce domaine sont prometteuses pour la Compagnie.

Il convient de mentionner l'introduction d'un horaire de desserte d'embranchement à embranchement, autre innovation qui consiste pour le chemin de fer à prendre une charge à un embranchement donné et à la livrer à un autre embranchement dans un délai donné.

La liaison d'embranchement à embranchement est assurée en moins de trois jours entre Toronto et Winnipeg depuis le printemps de 1968. Les études sur la possibilité d'assurer des liaisons semblables entre tous les marchés du Centre et ceux de l'Ouest ont été achevées et permettront d'établir les liaisons au printemps de 1969 et de les étendre à d'autres marchés dès 1969 et 1970.









### New Equipment

Also as part of marketing strategy, CN Freight Services continued to supply specialized equipment to meet the specific needs of various industries. Such equipment purchased during the year included pressure hopper cars, covered hoppers and wide-door cars suitable for forklift operation.

CN also adapts existing equipment for special use. An example is the shipment of reels of wire and cable. In 1968 CN's shops converted a number of flatcars to reel cars for the shipment of reels of any size up to 126 inches in diameter.

Orders for new freight cars more than doubled over the previous year and new equipment also included 98 3000-horsepower diesel-electric locomotives. These locomotives are particularly suited to mainline service and further orders will be placed.

### Rate Action

In May a general increase was applied to all non-competitive and class-rated carload freight traffic in Canada; except traffic to, from and within the Maritime Provinces. The latter traffic was not affected because of the two-year rate freeze imposed under provisions of the National Transportation Act.

Rates on international traffic between Canada and the United States were increased by approximately 3% on an interim basis in June. An increase of 5% was later allowed by the U.S. Interstate Commerce Commission and was applied.

A special rate was set for the previously-mentioned train load lots of iron ore pellets carried between Northern Ontario and Hamilton. This rate was the first in Canada which provides specific terms and conditions of carriage covering such things as annual volume, number of carloads per train, length of time permitted for loading and unloading, specific description of delivery site, switching services, plus provision for penalties against both the railway and shipper-receiver for excessive delays. This kind of rate-setting reflects some of the freedom conferred by the National Transportation Act with the objective of enabling railways to be more competitive.

### Matériel roulant

Toujours dans l'optique du marketing, le CN a continué de fournir du matériel spécialisé à différentes industries. Le matériel acheté en 1968 comprend des wagons-trémies sous pression, des wagons-trémies couverts et des wagons à larges portes permettant la manutention mécanique.

Le CN adapte également son matériel aux besoins spécifiques. Par exemple, pour résoudre le problème du transport des câbles, un certain nombre de wagons plats ont été transformés en porte-tourets susceptibles de recevoir des bobines de 126 pouces de diamètre.

Les achats de wagons ont plus que doublé par rapport à 1967, et 98 locomotives diesel-électriques de 3,000 CV ont été acquises. Elles sont particulièrement adaptées au trafic de grande ligne et feront l'objet d'autres commandes.

### Politique tarifaire

Au mois de mai intervint une augmentation générale des tarifs non concurrentiels et des tarifs numérotés, sauf pour le trafic en provenance, à destination ou à l'intérieur des Maritimes dont les tarifs restent gelés pour deux ans en vertu de la Loi nationale sur les transports.

Les tarifs internationaux entre le Canada et les États-Unis furent majorés d'environ 3% à titre provisoire à partir du mois de juin, puis de 5% après autorisation de l'«Interstate Commerce Commission».

Un tarif spécial a été établi pour le transport par trains complets de minerai de fer en pellets de Temagami à Hamilton. Ce tarif est le premier au Canada dont les clauses et conditions tiennent compte d'éléments tels que le trafic annuel, le nombre de wagons par train, les délais de chargement et de déchargement, les particularités des points de livraison, les manœuvres à effectuer, et prévoient une pénalisation pour retards, tant du chemin de fer que du client. Ce genre de tarification illustre le caractère libéral de la Loi nationale sur les transports qui facilite l'adoption d'une politique plus compétitive.



Express (or non-carload) services continued to expand in response to technological and economic developments which are making this traffic more and more important to the Company.

Revenues from all Express services, including L.C.L., Piggyback, Container and some Mail revenues, were \$89.7 million, an increase of \$1.7 million over the previous year. Revenues from Piggyback operations (included in Freight services revenues elsewhere in this report) amounted to \$18.8 million, an increase of \$6.4 million over 1967.

## New Price Structure

A new price structure designed to make all non-carload traffic compensatory was instituted late in 1967. A result of the new price structure was a drop in the volume of shipments, accompanied by a 20% increase in per-shipment revenue. The new price structure is bringing about desirable changes in traffic characteristics, such as increased weight and fewer pieces, and the higher per-shipment revenue has compensated for reduced volume to a considerable degree.

## Piggyback

Increased emphasis on the service needs of Express customers included the inauguration of an all-Piggyback train between Vancouver and Toronto-Montreal, operating on a schedule of four days per week. This has resulted in a substantial increase in transcontinental Piggyback tonnage and revenue.

Improved service and increased capacity for Piggyback traffic has also resulted from the opening of a modern terminal at Vancouver. Growth of Piggyback services in 1968 was evident in the increase of 17% in tonnage and 52% in revenue over 1967.

## Containerization

The rapid development of containerization is having a very marked effect on the economics and technology of Express services.

To enable the Company to deal with the growing volume of import-export container traffic, a Container Development Branch—headed by a Vice-President, Special Duties—was set up early in 1968. In addition to co-ordinating the initial development of the import-export container market, the Container Development Branch is also closely involved with the "Land Bridge" concept under which Canadian railways could provide an important land link in a container service between Europe and the Far East.

A significant step in the use of containers in the import-export trade of Canada was taken with the opening of a new container terminal at Montreal Harbour during the year. Coincident with the opening of this new container terminal by Manchester Liners Ltd., CN inaugurated an inland rail service specifically designed for containers to all major Canadian cities as well as to Detroit and Chicago. An important element in this service is the new container terminal—"Conport"—established and operated by the Company in Toronto and served by the latest in handling equipment. Other similar terminals are planned for the future expansion of the system.

Les services messengeries (transports de détail) ont continué leur expansion en 1968. L'évolution technologique et économique en fait une activité de plus en plus importante pour la Compagnie.

Les recettes (détail, Piggyback, containers et certains transports postaux) atteignent \$89.7 millions, soit une augmentation de \$1.7 million. Les recettes Piggyback, comprises dans le total des services marchandises, s'élèvent à \$18.8 millions, soit une augmentation de \$6.4 millions.

## Nouvelle structure tarifaire

A la fin de 1967, une nouvelle structure tarifaire compensatoire fut instituée. Elle eut pour résultat une diminution du volume des envois et une augmentation de 20% des recettes par envoi. Cette nouvelle structure tarifaire a modifié avantageusement les caractéristiques du trafic: le nombre de colis a diminué mais leur poids a augmenté. L'augmentation des recettes par envoi a largement compensé cette baisse de trafic.

## Piggyback

Dans le cadre de l'expansion des services messengeries a été inauguré un train complet de Piggyback entre Vancouver et Toronto-Montréal qui circule quatre jours par semaine. Il en est résulté un certain accroissement, en tonnage et en recettes, des services transcontinentaux de Piggyback.

Il faut mentionner qu'à l'origine de cet accroissement se trouve également la mise en service d'installations terminales modernes à Vancouver. L'augmentation se chiffre à 17% en tonnage et à 52% en recettes.

## Containérisation

Le développement rapide de la containérisation a des effets économiques et techniques marqués sur les services messengeries.

Le volume croissant des transports par containers à l'importation et à l'exportation a donné lieu, au début de l'année, à la création d'une Division de la Containérisation ayant à sa tête un vice-président. En plus d'ordonner le développement de ce mode de transport, la Division étudie particulièrement la formule «pont-rail» selon laquelle les chemins de fer canadiens pourraient constituer un maillon essentiel pour l'acheminement des containers entre l'Europe et l'Extrême-Orient.

Une étape importante a été franchie lors de la mise en service de nouvelles installations terminales dans le port de Montréal au cours de l'année par les Manchester Liners Limited. En même temps, le CN inaugurait un service spécialement étudié pour les containers et qui dessert les principales villes canadiennes, ainsi que Detroit et Chicago. L'un des éléments essentiels de ce service est le nouveau «Conport» de Toronto, réalisé et exploité par le CN, qui bénéficie des dernières techniques de manutention. On prévoit de créer des installations semblables ailleurs.

Au cours de 1968, le service intérieur des containers s'est également développé et s'est même étendu aux relations





Another important development during the year was the expansion of in-Canada or "domestic" container service to include traffic between Eastern Canadian points and major railheads in Newfoundland; also between Toronto-Montreal and points in Nova Scotia.

#### **Trucking Subsidiaries**

Net operating profit of the separately operated trucking subsidiaries, whose stock is owned by Canadian National Transportation, Limited, was \$2.0 million in 1968.

entre les principales villes de l'Est et les têtes de lignes de Terre-Neuve, ainsi qu'aux relations entre Toronto et Montréal d'une part et la Nouvelle-Écosse d'autre part.

#### **Entreprises de camionnage**

Le bénéfice net d'exploitation des entreprises autonomes de camionnage, dont le capital est détenu par la Canadian National Transportation, Limited, s'établit à \$2.0 millions.



# Passenger Services

## General

The number of passengers using CN train services in 1968 decreased by 3.5 million or 19.1% and, in reflection of this, passenger services revenues declined by 15.8%. A decline was to be expected in view of the unprecedented volume of travel that had been generated by Canada's Centennial Year and by Expo '67.

As has been mentioned in previous reports, the policy of the Company is to eliminate the deficit in its passenger operations. With the passage of the National Transportation Act and the statement of national transportation policy, together with the organization of the Canadian Transport Commission, the Company will proceed with applications for the abandonment of certain services; if, of course, it is the judgment of the appropriate regulatory authority that certain services be continued in the public interest, then the Act provides for compensation to the Company in such cases.

In this context, it is considered appropriate to restate the Company's passenger policy, which was recorded in the 1965 Annual Report, as follows:

Canadian National considers that over the past few years it has been carrying out an energetic and forceful experimental passenger sales program which has consisted of (a) management organization, (b) marketing, and (c) changes in operation. During this period the Company took a positive stand on the need for expanding the passenger business and the benefits to be derived by the public from its use, and intensive efforts have been made to attract the public to rail service as a modern, reliable, efficient and pleasant mode of travel. These experiments have established that there is a large market for intercity transportation in Canada and that, taking account of competitive transportation services, the Railway can economically fulfill a role in intercity transportation in areas of relatively heavy density of population and, similarly, in those areas where indications of activity in the travel market are such as to be likely to produce a level of revenue which would meet the cost of the service. The Company, therefore, will concentrate on providing such passenger services as may be required in these heavy density population areas. Steps will be taken to seek withdrawal from, or obtain public monetary support for, those unprofitable services which do not fit into that pattern, the objective being to eliminate the deficit in passenger operations.

This continues to be the policy and the Company will co-operate in all respects with the appropriate authorities in dealing with this situation.

## Services and Schedules

A number of significant innovations in services and schedules were made during the year.

In the summer of 1968 new lightweight passenger trains were introduced to provide a new "Tempo" service for Toronto-Windsor-Sarnia. This service includes use of the first new intercity passenger cars to go in service in North America for some years and has been well received.

A new and popular addition to the afternoon Rapidos

# Voyageurs

## Généralités

Le nombre de voyageurs ayant emprunté les trains du CN a diminué de 3.5 millions, soit 19.1%, en 1968; il en résulte une baisse des recettes de 15.8%. Ce fléchissement était attendu car le trafic avait été exceptionnel en 1967, année du Centenaire et de l'Expo.

Comme nous l'avons mentionné dans nos rapports précédents, la Compagnie a pour objectif de résorber le déficit de ses services voyageurs. Dans le cadre de la Loi nationale sur les transports, qui définit une politique d'ensemble, et de la nouvelle organisation de la Commission des transports du Canada, le CN demandera la suppression de certains services; si l'autorité compétente jugeait toutefois que certains d'entre eux doivent être maintenus dans l'intérêt du public, la Loi prévoit des indemnisations pour le transporteur.

Dans le contexte actuel, nous ne pouvons que réaffirmer notre politique, telle qu'elle a été exposée dans notre rapport de 1965:

Le Canadien National considère qu'il a mis beaucoup d'énergie et de dynamisme, depuis quelques années, dans l'expérimentation d'un programme touchant les ventes voyageurs et portant sur (a) l'organisation administrative, (b) le marketing et (c) la modification des méthodes d'exploitation. Il s'est en effet prononcé sur la nécessité de développer les services voyageurs dans l'intérêt de la population, et il a pris tous les moyens d'attirer la clientèle en faisant valoir les avantages du rail sur les autres modes de transport: commodité, efficacité, sûreté. L'expérience a démontré qu'il existe un marché important pour les transports interurbains et qu'en tenant compte de la concurrence, le chemin de fer peut assurer économiquement les relations interurbaines dans les régions à grande densité de population, ainsi que dans les autres régions offrant un potentiel de rentabilité suffisant. En conséquence, la Compagnie va s'appliquer à fournir des services répondant à la demande dans les régions peuplées, et elle va tâcher de supprimer les services déficitaires ou d'obtenir des compensations financières si elle doit continuer à les fournir, visant en cela à éliminer le déficit d'exploitation des services voyageurs.

Nos lignes d'action n'ont pas varié et la Compagnie entend collaborer avec les autorités compétentes pour les poursuivre.

## Horaires et services

Nombre d'innovations importantes dans le domaine des horaires et des services ont vu le jour en 1968.

Au cours de l'été, un matériel léger entra en service sur la relation Toronto-Windsor-Sarnia où il assure une liaison du type «Tempo», très appréciée du public voyageur. C'est la première fois depuis des années qu'une liaison interville est assurée avec des voitures neuves en Amérique du Nord.

Aux Rapidos de l'après-midi qui relie Montréal à Toronto ont été ajoutées, au mois de mai, les voitures «Bistro». On y sert des casse-croûte et des rafraîchissements, et l'ambiance, animée par un pianiste, y est particulièrement entraînante.







between Montreal and Toronto was the "Bistro" car which was put into service in May. The Bistro features a piano player offering sing-along entertainment with beverage and snack service.

Development of new on-train meal service concepts continued to be an important part of the passenger program. During the year six new "Café-Lounge" cars, featuring lounge and beverage service and take-out, snack, and sit-down meals, went into service on the "Scotian" and "Ocean Limited". These Café-Lounges have reduced on-train meal service expenses by approximately 31%. Ten more are now under construction.

The Turbo trains, built, owned and maintained by United Aircraft of Canada Limited, were placed in limited service between Montreal and Toronto in December, but, because of technical problems which arose during a period of severe weather conditions, service was suspended in January. United Aircraft are making certain modifications and are conducting further tests. During the period the trains were in service between Montreal and Toronto, the public responded enthusiastically to this new concept of train travel.

Planning was progressed to expand the present club car and coach electronic reservations system to include sleeping car space. Implementation of the first phase is scheduled for June 1, 1969.

To extend CN's share of the travel market, agreements were completed with two bus lines, Greyhound and Continental Trailways, and with Western Airlines International, for interline ticketing of passengers. In some measure these agreements replace diminishing interline connections with railroads in the United States.

In Newfoundland, the Railway inaugurated a trans-island bus service utilizing vehicles of the latest design. These "Road Cruisers" provide a local service between St. John's and Port-aux-Basques; also an "Expedo" operation with stops at Gander, Grand Falls and Corner Brook. The "Expedo" time from St. John's to Port-aux-Basques is 14 hours 15 minutes, compared with 22 hours for the present rail service. In December, first month for the Road Cruiser service, buses operated at 75% of capacity and carried 6,299 passengers. Trans-island passenger trains carried 3,378. Rail patronage declined 54.5% from the same period in the previous year, but combined bus and rail carryings gained 20.5%.

In its regular cruise schedule between Vancouver, B.C. and Skagway, Alaska, the S.S. "Prince George" carried 5,771 passengers, a load factor of 99.7%.

L'adoption de nouvelles formules de restauration dans les trains a continué de figurer au programme de la Compagnie. Dans le courant de l'année, six voitures cafés-bars ont été mises en service sur le «Scotian» et l'«Océan». Elles offrent, en plus du bar, des casse-croûte et un service de restauration à la table. Elles ont permis de réduire les dépenses d'environ 31%. Dix autres voitures de ce type sont en construction.

Le Turbotrain, propriété du constructeur United Aircraft of Canada qui en assure l'entretien, est entré en service partiel au mois de décembre entre Montréal et Toronto. Mais le service a dû être interrompu en janvier, certaines difficultés techniques s'étant manifestées au moment des grands froids. La United Aircraft procède à certaines modifications et à une nouvelle série d'essais. Les réactions du public voyageur à ce nouveau train avaient été enthousiastes.

Les travaux de planning se sont poursuivis pour étendre le système de réservation électronique aux places couchées. La première phase de cette extension est prévue pour le 1<sup>er</sup> juin 1969.

Dans le but d'accroître sa part du marché des voyages, le CN a passé des accords avec deux compagnies d'autobus, Greyhound et Continental Trailways, et avec une compagnie aérienne, Western Airlines International, dans le but de délivrer des billets directs combinés. Ces accords permettent de remplacer, dans une certaine mesure, les correspondances ferroviaires avec les États-Unis, qui allaient d'ailleurs en diminuant.

A Terre-Neuve, le CN a inauguré un service d'autobus. Ces véhicules modernes assurent la desserte de nombreuses localités de l'île entre Saint-Jean et Port-aux-Basques, ainsi qu'une liaison rapide entre ces mêmes villes avec arrêts à Gander, Grand Falls et Corner Brook. Le trajet, en liaison rapide, s'effectue en 14 heures 15 minutes contre 22 heures par le rail. Durant le premier mois d'exploitation, en décembre, le service fonctionna avec un coefficient d'occupation de 75%, transportant 6,299 voyageurs contre 3,378 pour le chemin de fer. Le rail a enregistré une diminution de clientèle de 54.5% par rapport au mois correspondant de 1967, mais le total des voyageurs par train et par autobus a augmenté de 20.5%.

Au cours de ses croisières régulières entre Vancouver (C.-B.) et Skagway (Alaska), le «Prince George» a transporté 5,771 passagers, atteignant ainsi un coefficient d'occupation de 99.7%.



# Personnel and Labour Relations

## Labour Negotiations

Negotiations with the Brotherhood of Locomotive Firemen and Enginemen, following conciliation procedures, resulted in an agreement providing for wage increases over a three-year period of 24% for passenger firemen and hostlers and 15% to 18% for firemen in freight and yard service. The agreement also included provisions to be applied when company-initiated changes adversely affect working conditions, a new grievance procedure, and other changes.

Collective agreements were reached with employee groups in the Railway Police Association, Hotels, Marine Service, Northern Alberta Railways, Shawinigan Falls Terminal Railway, and CN subsidiaries in the United States.

With contracts due to expire December 31, new demands were served during November by the Associated Non-Operating Unions representing some 36,500 employees, Federated Shop Crafts, numbering about 12,400 employees, and the Brotherhood of Railroad Trainmen with 8,200 employees.

While negotiation sessions with the first two groups were in progress, the director of the Conciliation and Arbitration Branch of the Federal Department of Labour acted as special mediator, assigned by the Federal Minister of Labour in response to a joint request by the unions and companies involved.

Settlements were reached with the Associated Non-Operating Unions on December 23, 1968 and with the Federated Shop Crafts on January 17, 1969. They provided for two-year agreements with wage increases of 6½% effective January 1, 1969, a further 6½% January 1, 1970, and improvements in working conditions. The settlement with the Federated Shop Crafts provided, in addition, for an increase in existing skill differentials of five cents per hour effective July 1, 1969 and a further five cents effective July 1, 1970.

At the year end, negotiations with the Brotherhood of Railroad Trainmen were continuing and early in 1969 the Minister of Labour assigned the Director of the Conciliation and Arbitration Branch of the Federal Department of Labour to act as special mediator following a joint request by the parties involved.

Under the terms of a clause requiring the parties to negotiate ways of minimizing the adverse effects on employees caused by technological, organizational and operational changes initiated by the Company, settlements were concluded concerning some 2,000 employees represented by the Brotherhood of Maintenance of Way Employees, the Canadian Brotherhood of Railway, Transport and General Workers, and the Transportation-Communication Employees Union.

Other negotiations conducted during the year were related to improving benefits payable out of the job security fund, and to creating a uniform series of benefits for all eligible employees adversely affected by technological, organizational or operational changes. These negotiations culminated in a revised agreement signed early in 1969.

Agreements were also reached on reduction of training time for signal apprentices from five to two years and for Shop Crafts apprentices from five to four years.

# Personnel et relations syndicales

## Accords syndicaux

Les négociations avec la Fraternité des mécaniciens et chauffeurs de locomotives ont abouti à un accord prévoyant des relèvements de salaires répartis sur trois ans. Ils sont de 24% pour les chauffeurs et mécaniciens de rotonde des services voyageurs, et de 15% à 18% pour les chauffeurs des services marchandises et des chantiers de manœuvres. L'accord prévoit en outre les cas où des changements décidés par la Compagnie affecteraient les conditions de travail, ainsi qu'une nouvelle procédure revendicative et certaines autres dispositions.

Des ententes collectives ont été conclues avec certains groupes d'employés appartenant à l'Association des policiers, aux services hôteliers et maritimes, à la Northern Alberta Railways, à la Shawinigan Falls Terminal Railway et aux filiales du CN aux États-Unis.

Leurs contrats venant à expiration le 31 décembre, les Syndicats associés des services ferroviaires non roulants, groupant quelque 36,500 employés, la Fédération des métiers (environ 12,400 employés), et la Fraternité des agents de train (8,200 employés) ont présenté leurs revendications en novembre.

Pendant les négociations avec les deux premiers groupes, le ministre fédéral du Travail, à la requête des syndicats et des compagnies intéressés, a désigné comme médiateur le Directeur de la conciliation et de l'arbitrage.

Des accords ont été conclus le 23 décembre 1968 avec les Syndicats associés des services ferroviaires non roulants et le 17 janvier 1969 avec la Fédération des métiers. Ces ententes de deux ans prévoient des relèvements de salaires de 6½ pour cent à partir du 1<sup>er</sup> janvier 1969 et de 6½ pour cent à partir du 1<sup>er</sup> janvier 1970, ainsi que des améliorations aux conditions de travail. L'entente signée avec la Fédération des métiers prévoit en outre deux majorations de cinq cents l'heure de la prime de qualification, l'une à partir du 1<sup>er</sup> juillet 1969 et l'autre à partir du 1<sup>er</sup> juillet 1970.

À la fin de l'année, les négociations avec la Fraternité des agents de train se poursuivaient encore. Au début de 1969 le ministre fédéral du Travail désignait, à la demande des parties, le Directeur de la conciliation et de l'arbitrage comme médiateur spécial.

Les parties ayant convenu d'étudier les moyens propres à réduire les effets de l'évolution technique et administrative, des ententes ont été conclues en faveur de quelque 2,000 employés représentés par la Fraternité des travailleurs de l'entretien de la voie, la Fraternité canadienne des cheminots, employés des transports et autres ouvriers, et l'Union des employés des transports et communications.

D'autres négociations, entamées au cours de l'année, concernaient l'augmentation des indemnités versées par la Caisse de sécurité de l'emploi et l'établissement d'une échelle d'indemnités à verser aux employés touchés par les changements techniques et administratifs. Ces négociations ont abouti à la révision de l'entente au début de 1969.

Enfin des ententes ont été conclues réduisant de cinq à deux ans la durée de l'apprentissage dans les services de signalisation et faisant passer, en principe, de cinq à quatre ans la durée de l'apprentissage dans les ateliers.



## Employee Relations

During the year the work force across the System declined by approximately 7,800 people. This reduction was due mainly to attrition and control of hiring, combined with retirements under a special early retirement plan participated in by approximately 1,500 employees.

Methods to improve forecasting of the size and mix of the work force over longer periods are constantly under study. The objective of such review is to gain more time to plan for retraining, relocation and other measures which become necessary as work force requirements and the nature of jobs change in response to modern conditions.

There were approximately 28,700 enrolments in various in-Company training programs, including language courses, during 1968.

A labour relations course has been designed, tested and introduced with a high degree of success. It is intended primarily to train supervisors of scheduled union employees in how to interpret and administer the collective agreement. Six hundred and sixty-five supervisors and managers took the course in 1968; 1,120 will be taking it in 1969.

## Pensions and Welfare

Total charges against earnings for pensions and retirement benefits in 1968 compared with 1967 are as follows:

	1968	1967	Increase or
	In Millions		(Decrease)
CN Pension Plans:			
Contributions to Reserve for Pensions	\$41.3	\$41.3	\$ —
Liquidation of Unfunded Liability	2.9	0.7	2.2
	44.2	42.0	2.2
Government Plans:			
Canada (and Quebec) Pension Plans	6.4	6.9	(0.5)
U.S. Railroad Retirement	4.3	4.2	0.1
Total	\$54.9	\$53.1	\$ 1.8

Included in the pension costs for 1968 is an amount of \$2.9 million for amortization of the unfunded liability in respect of prior service resulting from the introduction of the Pension Benefits Standards Act effective October 1, 1967. Under this Act, the unfunded liability is to be liquidated within 60 years.

Exclusive of payments under the Canada (and Quebec) Pension Plans, and those made under the U.S. Railroad Retirement Act, there was paid to pensioners and beneficiaries under the various Canadian National pension arrangements, a total of \$53.5 million in 1968, and 34,768 individuals were receiving such payments at the end of the year.

Charges against earnings for welfare plans providing hospital-surgical-medical benefits and life insurance were \$8.0 million, unchanged from 1967.

## Personnel

Le personnel de notre société a diminué d'environ 7,800 unités, ce qui s'explique surtout par la réduction naturelle des effectifs, la limitation des recrutements et la retraite anticipée de quelque 1,500 employés qui se sont prévalus d'un régime spécial.

La Compagnie étudie constamment des méthodes permettant de prévoir à plus long terme l'importance et la composition des effectifs. Cette étude a pour but de nous faire gagner du temps dans l'organisation du recyclage, des mutations et des dispositions qui se révèlent nécessaires à mesure que la vie moderne modifie les besoins en main-d'œuvre et la nature de certains emplois.

Il y a eu 28,700 inscriptions aux divers cours de perfectionnement offerts par la Compagnie, cours de langues compris.

La Compagnie a de plus organisé avec grand succès ses cours de «relations syndicales», dans le but premier d'apprendre aux superviseurs d'employés syndiqués comment interpréter et appliquer la convention collective. Six cent soixante-cinq cadres ont suivi ces cours en 1968, et 1,120 sont inscrits aux cours de 1969.

## Pensions et sécurité sociale

Voici un tableau comparatif des contributions patronales au titre des divers régimes de retraite en 1968 et en 1967:

	1968	1967	Augmentation
	en millions		(diminution)
Régimes du CN:			
Contribution à la caisse de retraite	\$41.3	\$41.3	\$ —
Amortissement de la dette actuarielle	2.9	0.7	2.2
	44.2	42.0	2.2
Régimes gouvernementaux:			
Régimes du Canada et du Québec	6.4	6.9	(0.5)
Caisse de retraite des chemins de fer américains	4.3	4.2	0.1
Total	\$54.9	\$53.1	\$ 1.8

Du fait de l'entrée en vigueur, le 1<sup>er</sup> octobre 1967, de la Loi sur les normes des prestations de pension qui prévoit en particulier la liquidation de la dette actuarielle sur 60 ans, la contribution de 1968 comprend une somme de \$2.9 millions affectée à l'amortissement du solde.

En plus des versements faits au titre des régimes gouvernementaux et à la Caisse de retraite des chemins de fer américains, les pensions versées par le CN se montent à \$53.5 millions, et le nombre des retraités et ayants droit était de 34,768 à la fin de l'année.

Les contributions à l'indemnisation des frais hospitaliers, médicaux et chirurgicaux et à l'assurance-vie se sont montées à \$8.0 millions, comme en 1967.



## Transportation and Maintenance

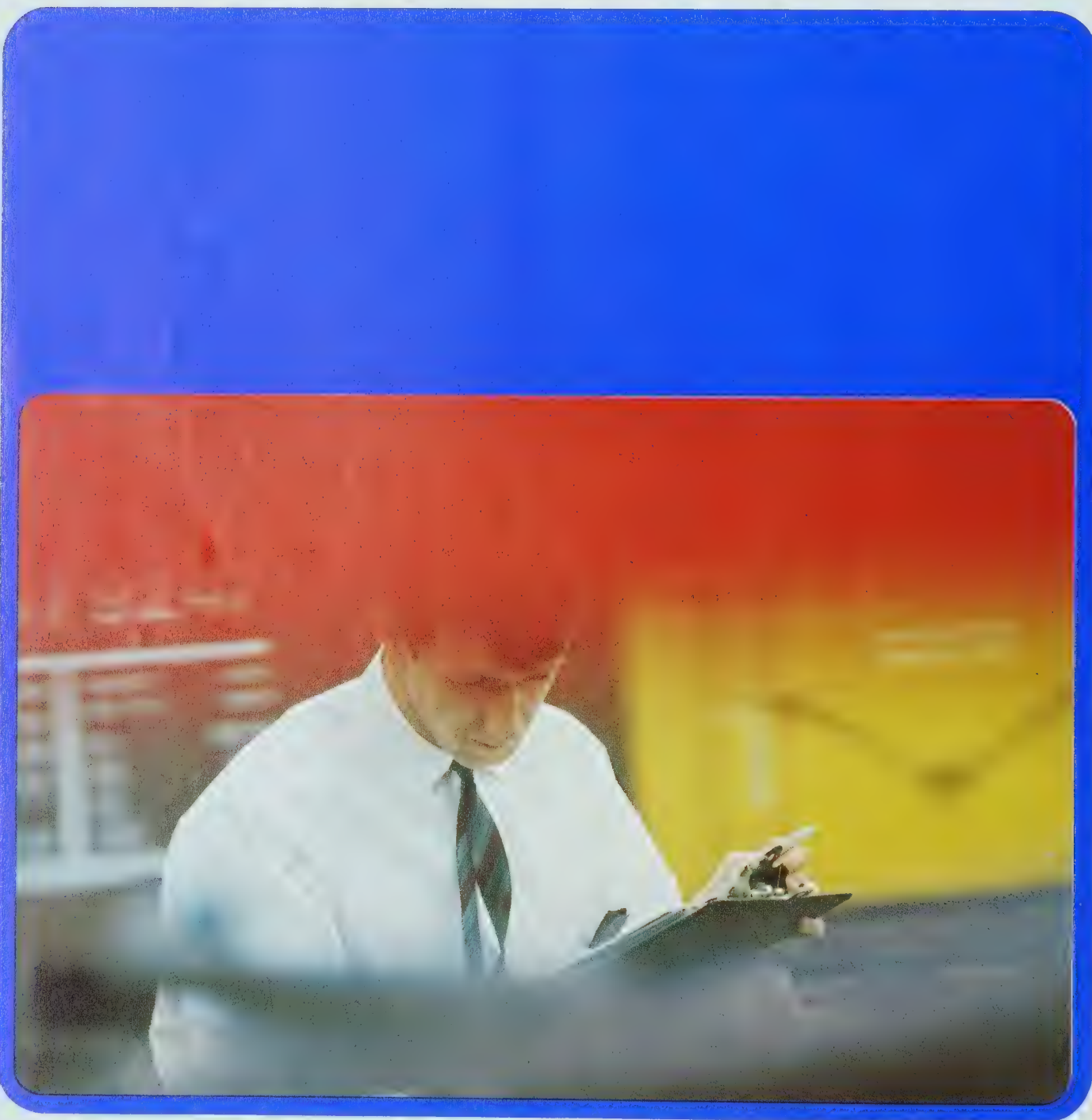
Responsible for the efficient operation of the physical plant of the railway system, and for shaping it to meet the needs of the future, the Transportation and Maintenance Department is continually concerned with the application of modern methods and modern technology to the business of transportation and distribution.

As one expression of this concern considerable progress was made in co-operation with other departments in the development of a comprehensive, computer-oriented reporting and control system for traffic. This CN-designed program, known as TRACS, will enable the use of the latest computer technology in rail traffic services.

## Transport et entretien

Ayant pour mission d'assurer l'exploitation efficace des installations ferroviaires qu'il transforme de façon à répondre aux besoins de l'avenir, le Service Transport et Entretien se préoccupe constamment d'appliquer les méthodes et les techniques modernes à l'industrie du transport et de la distribution.

Reflétant ce souci constant, des progrès considérables ont été réalisés, en collaboration avec d'autres services, dans le développement d'un système global d'information et de contrôle du mouvement sur ordinateur. Ce système, connu sous le nom de TRACS, permettra d'utiliser les tout derniers développements de l'informatique pour maintenir nos services ferroviaires à la pointe du progrès.





During 1968 additional studies of the information needs of TRACS were completed and work was started on the system configuration. Progress was also made on a number of on-going projects to improve the data base, to test decision-making systems and to provide technical and user experience. Of particular importance to the development of TRACS was the extension of the Car Information Project (CIP) to the St. Lawrence Region of the Company. CIP is a mechanized reporting system to provide improved information for car management, which is to be progressively extended across the System.

Integrated with the TRACS project is the Automatic Car Identification (ACI) program being carried out in co-operation with other railways throughout North America. Under a decision taken through the Association of American Railroads, all equipment subject to interchange service must be labelled for ACI by January 1st of 1970. By year's end labels had been applied to about 31,000 CN cars. During 1968 a test installation of ACI scanning devices was put into service on the Great Lakes Region. These scanners are intended to provide experience and information needed for the installation of operating equipment in 1969.

Work continued on the second phase of a program to improve the signal control system on the Montreal-Toronto route. In addition, a major five-year project begun in 1968 will extend centralized traffic control (CTC) on the Mountain route west of Jasper. The project will complete the last link in a modern signal control system which is one of the technical improvements necessary to meet an expected increase in the movement of bulk commodities for export.

The development of terminal facilities at Vancouver, also in anticipation of increases in bulk commodity movements for export, went ahead vigorously. Improvements to the Port Mann Yard neared completion and tunnel work was completed on the access line to the North Shore. Installation of track on the access line continued throughout the year. Two main piers of the new Second Narrows Bridge, as well as the tower spans and the approach superstructure, were built, and the lift span was floated into position. This line will provide a link with expanding developments in North Vancouver.

Work at Edmonton Yard moved ahead also. Track at the west end of the yard was finished and changes are now being made to permit construction of the hump. Smaller but important yard extensions went into service at Capreol, Oshawa and Senneterre.

At Port-aux-Basques, in Newfoundland, a new transfer shed, a dock to handle a rail car ferry, and yards with both standard-gauge and narrow-gauge tracks went into operation. At North Sydney construction neared completion on a new terminal building; and a new yard and dock were in operation. These facilities are greatly speeding the movement of freight carried in standard-gauge cars which are moved by rail car ferry from North Sydney to Port-aux-Basques where the freight is transferred to the narrow-gauge cars in use on the Newfoundland rail system.

A new type of mobile living accommodation was introduced to the Newfoundland area to provide modern, comfortable quarters for work gangs. Mounted on railway flat cars, these trailer-type units have power generators

Au cours de 1968 on a effectué des recherches supplémentaires sur les besoins informatiques du TRACS et commencé les travaux sur la configuration du système. On a fait progresser les projets en cours destinés à améliorer l'alimentation en données, à expérimenter les systèmes de prise de décision et à assurer aux utilisateurs l'expérience technique nécessaire. L'extension du système d'information wagons à la Région du Saint-Laurent marque une étape importante du développement du TRACS; il s'agit là d'un mode de transmission mécanographique des données permettant l'amélioration de l'information nécessaire à la gestion du parc de wagons, et qui doit être progressivement appliqué à tout le réseau.

Intégré au système TRACS, le programme de reconnaissance automatique des wagons (ACI) est réalisé en collaboration avec les autres compagnies ferroviaires d'Amérique du Nord. Conformément à la décision prise sous l'égide de l'«Association of American Railroads», tout le matériel faisant l'objet d'échanges devra être étiqueté d'ici janvier 1970. A la fin de l'année, 31,000 véhicules du CN avaient reçu leur étiquette ACI. Au cours de 1968 des dispositifs de lecture ACI ont été installés, à titre expérimental, dans la Région des Grands Lacs. Ces «lecteurs» sont destinés à fournir l'expérience et l'information nécessaires à l'installation définitive du matériel en 1969.

Les travaux d'amélioration de la signalisation sur la ligne Montréal-Toronto ont franchi une deuxième étape. De plus, un programme quinquennal, lancé en 1968, doit permettre d'étendre la commande centralisée de la circulation (CCC) à l'ouest de Jasper dans la Région des Montagnes; ce projet constituera la dernière phase des travaux de signalisation automatique exigés par l'augmentation prévue des transports en vrac de marchandises d'exportation.

L'aménagement des installations terminales de Vancouver, en prévision également de l'augmentation du trafic d'exportation, s'est poursuivi de façon énergique. La modernisation du triage de Port Mann est pratiquement terminée, et le tunnel de la voie d'accès à Vancouver-Nord a été achevé. La pose des rails sur cette voie d'accès s'est poursuivie tout au long de l'année. On a construit deux des piles principales du nouveau pont Second Narrows ainsi que les travées-pylônes et les travées d'accès, puis la travée levante a été amenée par chaland et mise en place. Cette nouvelle voie établira la liaison avec Vancouver-Nord.

Les travaux du triage d'Edmonton ont également progressé. On a fini la pose des rails dans la partie ouest, et l'on procède actuellement aux aménagements qui permettront de construire la butte. Les triages de Capreol, Oshawa et Senneterre ont été agrandis.

A Port-aux-Basques on a mis en service une nouvelle gare de transbordement, un bassin capable de recevoir un traversier, et des chantiers de manœuvre à écartement normal et à voies étroites. A North Sydney l'édifice terminal est presque achevé; le nouveau chantier et le nouveau bassin ont été mis en service. Ces aménagements ont pour effet d'activer de façon notable le mouvement des marchandises par traversier et leur transbordement sur les voies étroites du réseau de Terre-Neuve.



for lighting, pressure water systems, thermostatically controlled heating, and air circulating systems. They were constructed as the result of a System-wide study carried out in 1967 and 1968 and represent a new concept in living accommodations for railway work gangs—a concept being extended throughout the System as rapidly as possible.

### Research and Development

The Research and Development Department was engaged in a variety of important activities during 1968.

The department continued an aggressive program of research into causes of loss and damage to freight and express traffic. These efforts have proved so effective that CN is the only Class 1 railway on the continent which has succeeded in halting the upward trend of claim payments.

In the area of technical research the department reported development of new techniques and systems for detecting abnormalities in diesel engines and preventing costly failures, and development of new computerized techniques for measuring the condition of track to facilitate maintenance. Patent protection is being sought for some of this work and negotiations are underway to licence the manufacture of equipment developed by the department.

Research on methods of preventing air pollution and contamination of natural water supplies was stepped up.

Long range policies regarding mail traffic and plans for improvements to service in this area are being formulated by a recently formed project team. The analysis of costs and the development of better ways of integrating mail traffic with other traffic are being studied.

### Industrial Development

Through its Industrial Development branch the Company continued to assist new or expanding industries, particularly those engaged in manufacturing, warehousing and distribution, to find appropriate sites for their plants along CN lines. Areas of interest included natural resource exploitation, notably iron ore, base metals, potash and sulphur. The Company was also active in promoting and planning industrial parks in areas serviced by the Railway.

During 1968, 404 resource developments, manufacturing plants, warehousing and distributing facilities were established in locations served by CN. A total of 65 miles of private sidings and industrial spurs to serve new or expanded plants was constructed.

### International Consulting Division

An important development during the year was the setting up of an International Consulting Division of the Company.

In recent years CN has received many requests for help in transportation and distributions studies from foreign governments, international organizations and other railroads. The International Consulting Division was established in June of 1968 to meet this need. The division is expected to be financially self supporting and will make Company expertise available all over the world. It has already provided personnel as expert consultants on transportation problems in Turkey, Argentina and Jamaica, and has worked on proposals for further service in Korea, Syria, Tanzania, Zambia and Kenya.

On a adopté à Terre-Neuve un nouveau type de logement roulant moderne et confortable pour les équipes de travaux. Montées sur wagons plats, ces unités de type roulotte sont équipées de générateurs d'électricité, d'eau courante, de chauffage réglable par thermostat et de conditionneurs d'air. Aboutissement d'une étude menée par la Compagnie en 1967 et 1968, ces unités de logement sont d'une conception nouvelle et nous les répandrons sur tout le réseau le plus rapidement possible.

### Recherche et développement

Le Service Recherche et Développement a œuvré dans des domaines aussi importants que divers.

Il a poursuivi activement ses recherches sur les causes des pertes et avaries des marchandises transportées, et ses efforts se sont avérés si fructueux que le CN est, de tout le continent, la seule entreprise ferroviaire de la classe 1 à avoir enrayé le mouvement ascendant des règlements d'avaries.

Sur le plan de la recherche technique, le Service a développé de nouvelles méthodes pour détecter les déficiences des moteurs diesel et éviter ainsi des avaries coûteuses, et il a mis l'ordinateur au service de l'auscultation de la voie pour en faciliter l'entretien. Le CN cherche à obtenir des brevets pour certains de ces travaux, et des pourparlers sont en cours pour permettre la fabrication sous licence de matériels mis au point par notre Service.

Les recherches sur les méthodes de prévention de la pollution de l'air et de l'eau ont été menées bon train.

Une équipe de formation récente met au point une politique globale des transports postaux et les moyens d'améliorer la participation du CN à ces transports en les intégrant à ceux des marchandises. Les études portent également sur les prix de revient.

### Expansion industrielle

Le CN a favorisé l'implantation le long de ses voies d'entreprises nouvelles ou en expansion (fabriques, entrepôts, centres de distribution). La plupart des projets pour lesquels la Compagnie a offert sa collaboration reposent sur l'exploitation de ressources naturelles, tels le minerai de fer, les métaux vils, la potasse, le soufre. La Compagnie a également contribué à l'établissement de parcs industriels dans les régions qu'elle dessert.

Au cours de l'année, 404 entreprises d'extraction et de transformation, entrepôts et centres de distribution ont été établis sur le réseau CN, et un total de 65 milles de voies privées et d'embranchements industriels ont été construits.

### La Division de Consultation internationale

La mise sur pied de la Division de Consultation internationale constitue un événement marquant.

Ces dernières années, des gouvernements étrangers, des organismes internationaux et des entreprises ferroviaires ont demandé au CN de participer à des études sur le transport et la distribution. La Division de Consultation internationale a été créée pour répondre à ces demandes; financièrement autonome, elle met à la disposition du





### Branch Lines

The construction of five branch lines was completed during the year. Totalling approximately 118 miles, these were a 68-mile line to serve the Griffith iron mine at Bruce Lake in the Red Lake area of Ontario; an 18-mile line from Watrous, Sask., to a potash plant near Guernsey; a 12-mile extension from Stall Lake to serve a copper-zinc mine at Osborne Lake, Man.; an eight-mile line to a pulp mill at Prince Albert, Sask.; and a 12-mile line from a point near Fort Saskatchewan, Alta., to a fertilizer complex near Redwater. Work was started on a 60-mile line from Windfall, Alta., to serve sulphur recovery plants at Bigstone and South Kaybob.

On the Alberta Resources Railway grading and laying of all main track was completed, and construction work was finished on the three bridges. The railway is being financed by the Province of Alberta and will be operated by CN under a lease arrangement.

monde entier l'expérience technique du CN. Elle a déjà délégué des spécialistes du transport en Turquie, en Argentine et à la Jamaïque, et contribué à des projets intéressant la Corée, la Syrie, la Tanzanie, la Zambie et le Kenya.

### Lignes secondaires

Cinq lignes secondaires totalisant environ 118 milles ont été achevées au cours de l'année: 68 milles reliant la mine de fer de Griffith à Bruce Lake dans la région de Red Lake (Ontario); 18 milles reliant Watrous (Saskatchewan) à une usine de potasse près de Guernsey; 12 milles reliant Stall Lake aux mines de cuivre et de zinc d'Osborne Lake (Manitoba); 8 milles menant à une usine de pâtes à papier à Prince Albert (Saskatchewan); et 12 milles reliant Fort Saskatchewan (Alberta) à une usine d'engrais près de Redwater. On a commencé une ligne de 60 milles qui reliera Windfall (Alberta) aux usines de récupération du soufre de Bigstone et de South Kaybob.

En ce qui concerne l'Alberta Resources Railway, on a terminé les travaux de nivellement, la pose des rails et la construction de trois ponts. Cette ligne est financée par le gouvernement de l'Alberta et sera exploitée par le CN en vertu d'un accord de location.



### Real Estate

A major event of the year was the announcement in December of plans for the redevelopment of about 190 acres of railway property between Yonge and Bathurst Streets in downtown Toronto. The announcement followed a joint study undertaken with the Canadian Pacific Railway of the redevelopment possibilities of property owned by the companies in the area. The project will be managed by Metro Centre Developments Ltd., jointly owned by CN and Canadian Pacific. The development company expects to attract sufficient participation by private investors to implement a major part of the \$1 billion project within 15 years. The project would involve relocation of the existing passenger terminal to permit construction of a transportation complex integrating rail, commuter, bus and subway facilities; a communications broadcasting complex; a convention and trade centre; commercial areas and residential buildings.

Other carefully planned development of Company-owned real estate continued during the year in conjunction with private developers and in co-operation with governments at various levels.

In Toronto the Company has entered into an agreement with a private developer for the building of an eight-acre apartment and commercial complex on Company-owned land at Main and Danforth Streets.

In London, Ont., construction started on a second office building where the station and the administrative offices of the London Area headquarters will eventually be located.

In Moncton, N.B., a second office building and a department store were completed. Under construction were a large food store and an enclosed shopping mall, expected to be ready in the spring of 1969.

In Campbellton, N.B., a new station and an office building were completed. On the remainder of the three-acre site a small shopping centre is being built.

At the Midtown Plaza in Saskatoon a department store and adjacent parking facilities reached completion. A start was made on the construction of another department store and the remainder of the shopping mall. It is expected the office tower in which CN will occupy space will be ready for occupancy in the fall of 1969.

### Domaine

Le fait saillant de l'année, c'est l'annonce faite en décembre du réaménagement d'un terrain de 190 acres situé entre les rues Yonge et Bathurst, dans le centre de Toronto. Ce projet résulte de l'étude menée conjointement avec le Chemin de fer du Pacifique sur le réaménagement des terrains en copropriété. Le maître d'œuvre sera la Metro Centre Development Ltd., société en participation des deux chemins de fer, qui espère attirer suffisamment de capitaux privés pour réaliser d'ici 15 ans la plus grande partie des travaux évalués à un milliard. Le projet prévoit le déplacement de la gare de voyageurs pour faire place à un vaste ensemble réunissant les transports de grandes lignes, de banlieue, d'autobus et de métro; un centre de télédiffusion; un palais des congrès et du commerce; des magasins et des immeubles résidentiels.

D'autres travaux d'aménagement du domaine se sont poursuivis en collaboration avec le secteur privé et avec les diverses administrations intéressées.

A Toronto, le CN a passé avec une société privée un accord portant sur la construction d'un centre commercial et résidentiel de huit acres sur le terrain de la Compagnie situé aux rues Main et Danforth.

A London (Ontario), on a commencé les travaux d'un second immeuble de bureaux qui devra abriter le siège administratif du Secteur.

A Moncton (N.-B.), on a terminé un second immeuble administratif et un magasin à rayons multiples. On compte terminer au printemps de 1969 la construction d'un grand magasin d'alimentation et d'une allée de boutiques.

A Campbellton (N.-B.), on a terminé la nouvelle gare ainsi qu'un immeuble administratif. On construit un centre commercial sur ce même terrain de trois acres.

Au Midtown Plaza de Saskatoon, on a terminé un magasin à rayons multiples et un parc de stationnement. On a amorcé la construction d'un autre grand magasin et poursuivi celle des boutiques. On compte inaugurer au cours de l'automne 1969 le gratte-ciel administratif qui abritera les bureaux du CN.

A Vancouver, on a achevé l'immeuble administratif de 14 étages surmontant le garage de l'hôtel Vancouver.





In Vancouver work was completed on a 14-storey office building atop the parking garage serving the Hotel Vancouver.

### Telecommunications

In response to the demands of industry and the general public Canadian National Telecommunications continued to expand facilities and services during 1968.

CNT earned revenues of \$54.6 million from its commercial services and, after operating expenses, taxes, etc., ended the year with a surplus of \$8.7 million—\$1.4 million better than in 1967.

A highlight of the year was the installation of a third generation "store-and-forward" message switching computer in Data Central at Toronto. Known as C-8500, this computer has taken over most of the operations of the older C-8401 message switching computer and leaves ample capacity on the latter for expansion of the reservation service to include sleeping accommodation and train diagram displays, as well as special projects for Air Canada.

Six new Telex exchanges were added to the CN-CP Telecommunications network, bringing the total to 102. At year end the network had 16,300 Telex subscribers. Carrier telephone mileage in 1968 increased by 13.6% over 1967, and carrier telegraph mileage by 12.6%.

CN-CP Telecommunications' Broadband Exchange Service was expanded to a total of 10 switching centres. This voice-data service, inaugurated in 1967, can communicate in any mode, with computer data transmission speeds up to 51,000 words per minute.

In Yellowknife, NWT, CN Telecommunications added four hundred lines to the telephone exchange, completed a new building, and added a 36-voice channel radio system between Yellowknife and Hay River. Other improvements to the telephone facilities and service were made at Cambridge Bay, Fort Simpson, Pine Point and Norman Wells.

In the Yukon District improvements, including the installation of four new radio systems, were made at Clinton Creek, Carmacks, Haines Junction, Mount Nansen Mines and Faro.

### Télécommunications

Pour répondre à la demande de l'industrie et du public en général les Télécommunications du CN ont multiplié installations et services.

Le total des recettes se monte à \$54.6 millions et, déduction faite des frais d'exploitation, taxes, etc., le bénéfice net atteint \$8.7 millions, soit \$1.4 million de plus qu'en 1967.

Un fait marquant de 1968 fut l'installation au Central de téléinformatique de Toronto d'un ordinateur de la troisième génération pour la commutation séquentielle et directe des messages. L'ordinateur C-8500 accomplit désormais les tâches qu'exécutait autrefois le C-8401 et laisse à celui-ci la possibilité d'étendre le service de réservation automatique du CN aux places couchées, aux diagrammes de location et à des travaux spéciaux pour Air Canada.

Six nouveaux centraux Téléx ont été ajoutés au réseau CN-CP, portant à 102 le nombre de centraux qui desservent 16,300 abonnés. Les réseaux téléphoniques et télégraphiques se sont étendus de 13.6% et de 12.6% respectivement.

Le Service de télétransmission à bande large CN-CP compte maintenant 10 centres de commutation. Ce service de phonie-données, inauguré en 1967, est multiplex et peut transmettre des données à raison de 51,000 mots/minute.

A Yellowknife (Territoires du Nord-Ouest) les Télécommunications CN ont ajouté quatre cents lignes au central téléphonique, achevé un immeuble, et installé un système radiotéléphonique de 36 voies reliant Yellowknife et Hay River. On a amélioré tant les installations que les services téléphoniques de Cambridge Bay, Fort Simpson, Pine Point et Norman Wells.

Dans le Yukon on compte l'installation de quatre systèmes radio parmi les améliorations apportées à Clinton Creek, Carmacks, Haines Junction, Mount Nansen Mines et Faro.

A Terre-Neuve, on a aménagé 13 nouveaux centraux téléphoniques, agrandi 20 autres et relié 40 localités au réseau existant qui desservait 22,400 abonnés à la fin de l'année. On a doublé la capacité du faisceau hertzien entre

In Newfoundland 13 new telephone exchanges were established, 20 exchanges enlarged, and 40 new communities added to the telephone network. At the end of the year this network served 22,400 subscribers. The St. John's-Gander section of the microwave network was doubled in capacity with the installation of a second 1200-voice-channel system.

Hotels

A comparison of results for hotels in 1968 and 1967 reflects the effect of the unusually high demands of Centennial Year.

	1968	1967
CN-operated hotels:		
Net income before undernoted charges	\$ 586,587	\$1,049,874
Major repairs and modernization costs	201,431	198,268
Net income	385,156	851,606
Hilton-operated hotels:		
Net (loss) from Hotel Vancouver	(67,237)	(186,612)
Net return from Queen Elizabeth Hotel (including Place Ville Marie restaurants)	1,317,733	2,752,635
Net return	1,250,496	2,566,023
Net hotel income	\$1,635,652	\$3,417,629

During the year, \$3.4 million was spent on hotel properties.

At Jasper Park Lodge, a new club house was constructed. A start was made on winterizing Lodge buildings in preparation for limited year-round operation beginning in 1969. Additional parking space was provided at the Hotel Bessborough, work was begun on additional guest parking at the Hotel Nova Scotian and plans were completed for enlarged parking space at the Chateau Laurier.

The rehabilitation program at the Hotel Vancouver, carried out during the past five years, was completed,

Saint-Jean et Gander en y installant un deuxième multiplex téléphonique à 1,200 voies.

Hôtels

La comparaison des chiffres de 1968 et de 1967 marque l'écroulement de la demande qui fut exceptionnelle l'année du Centenaire.

	1968	1967
Hôtels exploités par le CN:		
Bénéfice net avant déduction des frais ci-dessous	\$ 586,587	\$1,049,874
Frais importants de réparation et de modernisation	201,431	198,268
Bénéfice net	385,156	851,606
Hôtels exploités par Hilton:		
Déficit net de l'hôtel Vancouver	(67,237)	(186,612)
Revenu net de l'hôtel Reine Elizabeth, y compris les restaurants de la Place Ville-Marie	1,317,733	2,752,635
Revenu net	1,250,496	2,566,023
Bénéfice net de l'exploitation hôtelière	\$1,635,652	\$3,417,629

Les immobilisations de l'exercice s'élèvent à \$3.4 millions.

Au Jasper Park Lodge, un nouveau club-house a été construit et l'on a commencé à aménager l'hôtel pour l'hiver en vue d'une exploitation ininterrompue à partir de 1969. L'agrandissement du parc-auto de l'hôtel Bessborough a été réalisé, celui du parc du Nova Scotian est en cours et les plans ont été dressés pour accroître l'aire de stationnement du Château Laurier.

La rénovation de l'hôtel Vancouver qui se poursuivait depuis cinq ans a été achevée ainsi que la construction d'un garage de 500 places à côté de l'hôtel.





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as was also the construction of the 500-car parking garage adjacent to the hotel.

### Marine Services

Two new ships, M.V. Frederick Carter and M.V. John Hamilton Gray, were delivered to the Company to be operated for the Department of Transport.

The M.V. Frederick Carter went into service between North Sydney, N.S., and Port-aux-Basques, Nfld., and is the first rail car ferry to operate across Cabot Strait.

Ships assigned to the North Sydney-Port-aux-Basques and North Sydney-Argentia ferry services carried 191,669 passengers and 51,904 vehicles during the year, an increase of approximately 14% in passenger traffic and 15% in vehicular traffic. Freight traffic into Newfoundland increased by 3% and out of Newfoundland by 10%, reflecting an upward trend in Newfoundland's economy.

The M.V. Ambrose Shea inaugurated a new service, to operate during summer months, for passengers and all types of road traffic between North Sydney, N.S., and Argentia, Nfld.

The John Hamilton Gray, with a capacity of 1,000 passengers, 90 automobiles and 24 rail cars, entered the Northumberland Strait service between New Brunswick and Prince Edward Island early in October. This ship is an icebreaker, equipped for year-round operation.

A record number of 825,703 passengers and 332,726 vehicles were carried in the Northumberland Strait service by the four ships in operation.

Traffic on the M.V. Bluenose between Yarmouth, N.S., and Bar Harbor, Maine, showed a marked increase over 1967.

The S.S. Prince George sailed on 21 cruises from Vancouver to Skagway, Alaska.

The Aquatrans between Prince Rupert, B.C., and Whittier, Alaska, and between Prince Rupert and Ketchikan, Alaska, maintained regular service.

### Services maritimes

Le CN a pris livraison de deux nouveaux bâtiments, le «Frederick Carter» et le «John Hamilton Gray», qu'il exploite pour le compte du ministère des Transports.

Le «Frederick Carter» qui assure la navette North Sydney-Port-aux-Basques est le premier traversier mixte à franchir le détroit de Cabot.

Les bâtiments affectés aux dessertes North Sydney-Port-aux-Basques et North Sydney-Argentia ont transporté 191,669 passagers et 51,904 véhicules, soit des augmentations de 14% et de 15% respectivement. Le trafic marchandises destiné à Terre-Neuve et le trafic sortant accusent des hausses de 3% et de 10% qui reflètent le développement de l'économie de cette province.

L'«Ambrose Shea» a inauguré un nouveau service d'été, transportant des passagers et des véhicules routiers entre North Sydney et Argentia.

Le «John Hamilton Gray», qui peut transporter 1000 passagers, 90 automobiles et 24 wagons, assure depuis le début d'octobre la liaison entre le Nouveau-Brunswick et l'Île-du-Prince-Édouard sur le détroit de Northumberland. Équipé en brise-glace, il navigue toute l'année.

Les quatre bâtiments qui sillonnent le détroit de Northumberland ont transporté les nombres records de 825,703 passagers et de 332,726 véhicules.

Le «Bluenose» qui relie Yarmouth (N.-É.) et Bar Harbor (Maine) a enregistré une hausse notable de trafic.

Le «Prince George» a effectué 21 croisières entre Vancouver et Skagway (Alaska).

Les aquatrans ont assuré un service régulier entre Prince Rupert (C.-B.) et Whittier (Alaska) et entre Prince Rupert et Ketchikan (Alaska).

The past year was one of moderate improvement in the general economy and of progress by CN on many fronts.

After a slowdown which began about mid-1966 and lasted throughout most of 1967, general business activity began to pick up early in 1968, and the improvement continued during the year. At the year-end the total volume of output of goods and services, as measured by the real Gross National Product, showed an increase of about 4.5%. This gain is encouraging and the indicators show a continuation of this trend in 1969. It should be noted, however, that the Economic Council of Canada considers a 5% increase in the rate of overall economic growth as the minimum necessary to maintain a prosperous and progressive Canada.

In the somewhat more favourable economic climate of 1968, CN's financial position also improved. Gross revenues reached a record level and the overall deficit of the Company was lower than in the previous year. The reduction in the deficit represents a resumption of the betterment in the overall financial position which has taken place every year since 1960, with the exception of 1967 when the economy experienced a slowdown.

As noted in the Financial Review section of this report the control of operating expenses in spite of higher wage rates and prices, and the increased productivity in the face of a higher work load, were important factors in producing a substantial increase in the operating profit, or net income before payment of interest on debt.

Considerable progress was made during the year in adjusting physical plant, operating technology and management concepts to new demands and changing conditions. Innovations such as container services, a trans-continental Piggyback service, unit trains, specialized freight services and specially-designed freight equipment, extension of telecommunications, real estate developments—all represent positive responses to the challenging environment of today.

The Company increased its emphasis on corporate planning, which sets long and short-term goals and outlines the strategies through which these goals may be achieved. Through efficient production and effective marketing, the objective of the Company is to move out of its present deficit position. Towards this end, the planning takes into account the new conditions and opportunities created by the National Transportation Act which enunciates a national transportation policy. An important element of this national policy is that compensation be paid for resources, facilities and services that are required to be provided as an imposed public duty.

For 1969, indications are for a rate of growth in Canada similar to that of 1968, provided the international economic environment, with its strong effect on Canadian exports, is favourable. In general, conditions would seem conducive to a resumption of the rate of progress which has marked the Canadian economy in recent years. The Board of Directors and the Management are confident that CN will continue to play an important part in maintaining that progress.

Two Directors of the Company, Mr. C. A. Pippy and Mr. Georges-Emile Lapalme, Q.C., retired during the year and the Board and Management extend gratitude to them for their valuable service to the Company.

Dans un climat d'accroissement économique modéré, le CN a enregistré des améliorations dans de nombreux domaines.

Après le ralentissement qui commença à se manifester vers le milieu de 1966 pour durer jusqu'en 1967, l'activité générale reprit au début de 1968 et s'est maintenue par la suite. A la fin de l'année, la production de biens et services, mesurée en termes de P.N.B., accusait une augmentation de 4½ pour cent. Ce résultat est encourageant et les indicateurs économiques laissent prévoir la même tendance en 1969. Il faut remarquer cependant que le Conseil économique du Canada estime à 5% le taux d'accroissement minimum nécessaire à la prospérité du pays.

C'est donc dans un climat plus favorable que le CN a continué d'améliorer sa position financière, poursuivant l'effort entrepris dès 1960. Si l'année 1967 est une exception due au ralentissement économique, 1968 marque un retour à la tendance vers l'équilibre, le chiffre des recettes étant le plus élevé enregistré par la Compagnie et le déficit ayant diminué.

Comme nous l'avons indiqué au début de notre rapport, le fait d'avoir contenu les dépenses d'exploitation en dépit des augmentations de salaires et de prix, ainsi que l'accroissement de la productivité ont contribué à l'amélioration des bénéfices d'exploitation, c'est-à-dire du revenu net avant intérêts.

Tout au long de l'année, le CN a modernisé ses installations, ses méthodes d'exploitation et de gestion, pour répondre aux conditions nouvelles. La containerisation, le service transcontinental de Piggyback, les trains-blocs, la spécialisation des services et des matériels marchandises, l'extension du réseau de télécommunications et le développement immobilier sont autant de réponses positives aux défis du monde d'aujourd'hui.

La Compagnie a intensifié son action de planification générale, qui consiste à fixer les objectifs à long et à court terme et à définir les politiques grâce auxquelles on atteindra ces objectifs. C'est par l'efficacité de ses services et de ses méthodes de commercialisation que la Compagnie poursuivra la résorption de son déficit. Dans ce but, la planification tient compte des possibilités offertes par la nouvelle Loi sur les transports qui fixe une politique nationale. L'un des éléments importants de cette politique prévoit l'indemnisation des transporteurs pour les services et installations qu'ils sont tenus de maintenir dans l'intérêt du public.

On prévoit, pour 1969, un taux de croissance semblable à celui de 1968 pourvu que le climat économique international soit favorable, ce qui est indispensable à nos exportations. D'une façon générale, il semble que les conditions soient réunies pour une reprise de la croissance économique au taux qui prévalait au cours des dernières années. Les administrateurs et la Direction de notre Compagnie sont confiants dans le rôle important que doit continuer à jouer le CN.

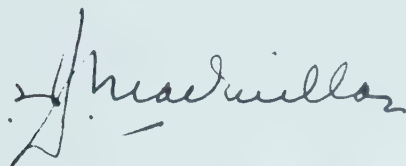
Deux administrateurs de la Compagnie, Messieurs C. A. Pippy et Georges-Emile Lapalme, C.R., se sont retirés en 1968. Le Conseil et la Direction tiennent à les remercier bien vivement de leur précieux concours. Aux nouveaux administrateurs, Messieurs Yves Pratte, C.R., de Montréal,



9  
Welcomed to the Board were two new members,  
Mr. Yves Pratte, Q.C., of Montreal, and Mr. Austin E. Hayes  
of Halifax.

The Board of Directors is very much aware that devoted,  
energetic and competent people are the key to progress  
in any area of endeavour, and the Board takes this  
opportunity to thank all officers and employees for their  
contribution to the achievements of 1968.

Signed on behalf of the Board of Directors

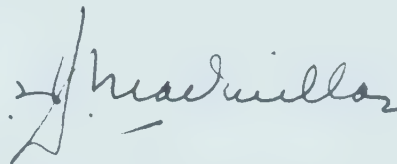


Montreal, March 15, 1969.

et Austin E. Hayes, de Halifax, nous adressons nos  
vœux de bienvenue.

Conscient du fait que la clef du succès d'une entreprise  
est d'avoir un personnel énergique et compétent, le  
Conseil tient à remercier les cadres et employés de la  
Compagnie pour leur participation aux réalisations de 1968.

Présenté au nom du Conseil d'administration.



Montréal, le 15 mars 1969

## Executive and General Officers

<b>N. J. MacMillan, Q.C., LL.D.</b>	President
<b>W. C. Bowra</b>	System Vice-President
<b>R. T. Vaughan, Q.C.</b>	Vice-President & Secretary of the Company
<b>W. Toulmin</b>	Executive Assistant
<b>C. A. Harris</b>	Director of Public Relations
<b>P. Vaughan, M.D.</b>	Chief Medical Officer
<b>E. A. Spearing, M.B.E.</b>	Director of Investigation

### Accounting and Finance

<b>W. R. Corner</b>	Vice-President and Comptroller
<b>E. J. Denyar</b>	Treasurer

### CN International Consulting Division

<b>A. V. Johnston</b>	General Manager
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### Corporate Planning and Finance

<b>Dr. R. A. Bandeen</b>	Vice-President
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### Container Development

<b>E. J. Cooke</b>	Vice-President
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### Express and Highway Services

<b>F. A. Gaffney</b>	Vice-President
<b>D. W. Blair, M.B.E.</b>	Assistant Vice-President
<b>A. Skinner</b>	Assistant Vice-President

### Freight Sales

<b>G. R. Johnston</b>	Vice-President
<b>J. C. Gardiner</b>	Assistant Vice-President

### Hotels and Telecommunications

<b>R. H. Tarr</b>	Vice-President
<b>*S. S. Chambers</b>	General Manager—Hotels
<b>**Myles F. Craston</b>	General Manager—Hotels
<b>H. J. Clarke</b>	General Manager—Telecommunications, Toronto
<b>M. L. Prentice</b>	Assistant General Manager

### Investment Division

<b>J. L. Toole</b>	Chairman of the Division (a Vice-President of CN)
<b>P. H. Davies</b>	General Manager

### Law

<b>Lionel Côté, Q.C.</b>	Vice-President & General Counsel
<b>G. M. Cooper</b>	General Solicitor

### Marketing

<b>A. H. Hart</b>	Vice-President
<b>G. C. Campbell</b>	General Manager, Special Duties

### Passenger Sales and Services

<b>J. F. Roberts</b>	General Manager
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### Personnel and Labour Relations

<b>W. T. Wilson</b>	Vice-President
<b>K. L. Crump</b>	Assistant Vice-President, Labour Relations
<b>George Lach</b>	Assistant Vice-President, Personnel

### Production

<b>J. A. McDonald</b>	Vice-President
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## Direction

<b>N. J. MacMillan, C.R., LL.D.</b>	Directeur général
<b>W. C. Bowra</b>	Vice-président, Réseau
<b>R. T. Vaughan, C.R.</b>	Vice-président et Secrétaire de la Compagnie
<b>W. Toulmin</b>	Adjoint exécutif
<b>C. A. Harris</b>	Directeur des Relations publiques
<b>P. Vaughan, M.D.</b>	Médecin-chef
<b>E. A. Spearing, M.B.E.</b>	Directeur des Enquêtes

### Comptabilité et Finances

<b>W. R. Corner</b>	Vice-président et Contrôleur
<b>E. J. Denyar</b>	Trésorier

### Division de Consultation internationale

<b>A. V. Johnston</b>	Directeur général
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### Planification générale et finance

<b>Dr R. A. Bandeen</b>	Vice-président
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### Division de la Containérisation

<b>E. J. Cooke</b>	Vice-président
--------------------	----------------

### Messageries et Services routiers

<b>F. A. Gaffney</b>	Vice-président
<b>D. W. Blair, M.B.E.</b>	Vice-président adjoint
<b>A. Skinner</b>	Vice-président adjoint

### Ventes Marchandises

<b>G. R. Johnston</b>	Vice-président
<b>J. C. Gardiner</b>	Vice-président adjoint

### Hôtels et Télécommunications

<b>R. H. Tarr</b>	Vice-président
<b>*S. S. Chambers</b>	Directeur général, Hôtels
<b>**Myles F. Craston</b>	Directeur général, Hôtels
<b>H. J. Clarke</b>	Directeur général, Télécommunications, Toronto
<b>M. L. Prentice</b>	Directeur général adjoint

### Division des Investissements

<b>J. L. Toole</b>	Administrateur délégué (Vice-président du CN)
<b>P. H. Davies</b>	Directeur général

### Contentieux

<b>Lionel Côté, C.R.</b>	Vice-président et Avocat conseil
<b>G. M. Cooper</b>	Avocat général

### Marketing

<b>A. H. Hart</b>	Vice-président
<b>G. C. Campbell</b>	Directeur général (Fonctions spéciales)

### Ventes et Services Voyageurs

<b>J. F. Roberts</b>	Directeur général
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### Personnel et Relations syndicales

<b>W. T. Wilson</b>	Vice-président
<b>K. L. Crump</b>	Vice-président adjoint, Relations syndicales
<b>George Lach</b>	Vice-président adjoint, Personnel

### Production

<b>J. A. McDonald</b>	Vice-président
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\*Until April 30, 1969  
\*\*Effective May 1, 1969

\*Jusqu'au 30 avril 1969  
\*\*A compter du 1<sup>er</sup> mai 1969



### **Purchases and Stores**

**E. T. Hurley** Vice-President  
**W. L. Shirray** General Purchasing Agent

### **Research and Development**

**Maurice Archer** Vice-President  
**W. H. Bailey** Assistant Vice-President  
**Paul Blanchet** Assistant Vice-President  
and General Manager of Real Estate

### **Transportation and Maintenance**

**J. H. Spicer** Assistant Vice-President

### **Atlantic Region**

**J. W. G. Macdougall, O.B.E., Q.C.** Vice-President,  
Moncton  
**G. R. Boulet** Executive Assistant  
**C. T. Cameron** General Manager  
**G. D. McMillan** Manager, Newfoundland Area,  
St. John's  
**J. G. Davis** Manager, Maritime Area, Moncton  
**J. R. Burns** Manager, Chaleur Area, Campbellton

### **St. Lawrence Region**

**J. H. Richer** Vice-President, Montreal  
**L. M. Poitevin** General Manager  
**J. A. Gauthier** Manager, Quebec Area,  
Quebec City  
**W. J. Mayo** Manager, Montreal Area, Montreal  
**A. Olynyk** Manager, Champlain Area  
**H. J. Fast** Manager, Rideau Area, Belleville

### **Great Lakes Region**

**D. V. Gonder** Vice-President, Toronto  
**K. E. Hunt** General Manager  
**A. R. Williams** Manager, Toronto Area  
**A. E. Street** Manager, Southwestern Ontario Area,  
London  
**W. R. Mitchell** Manager, Northern Ontario Area,  
Capreol

### **Prairie Region**

**E. P. Stephenson** Vice-President, Winnipeg  
**J. L. Cann** General Manager  
**S. E. Spencer** Manager, Lakehead Area,  
Port Arthur  
**L. H. B. Gooding** Manager, Assiniboine Area,  
Winnipeg  
**L. M. Thomson** Manager, Hudson Bay Area,  
Dauphin  
**E. S. Barker** Manager, Saskatchewan Area,  
Saskatoon

### **Mountain Region**

**D. F. Purves** Vice-President, Edmonton  
**W. D. Piggott** General Manager  
**J. O. Pitts** Manager, Alberta Area, Edmonton  
**G. H. Bloomfield** Manager, British Columbia Area,  
Vancouver

### **Grand Trunk Western Railroad**

**J. W. Demcoe** Vice-President and General Manager,  
Detroit

### **European Organization**

**W. G. Buchanan** General Manager, London, England

### **Achats et Magasins**

**E. T. Hurley** Vice-président  
**W. L. Shirray** Directeur général des Achats

### **Recherche et Développement**

**Maurice Archer** Vice-président  
**W. H. Bailey** Vice-président adjoint  
**Paul Blanchet** Vice-président adjoint et  
Directeur général des Immeubles

### **Transport et Entretien**

**J. H. Spicer** Vice-président adjoint

### **Région de l'Atlantique**

**J. W. G. Macdougall, O.B.E., C.R.** Vice-président,  
Moncton  
**G. R. Boulet** Adjoint exécutif  
**C. T. Cameron** Directeur général  
**G. D. McMillan** Directeur, Secteur de Terre-Neuve,  
Saint-Jean  
**J. G. Davis** Directeur, Secteur des Maritimes, Moncton  
**J. R. Burns** Directeur, Secteur des Chaleurs, Campbellton

### **Région du Saint-Laurent**

**J. H. Richer** Vice-président, Montréal  
**L. M. Poitevin** Directeur général  
**J. A. Gauthier** Directeur, Secteur de Québec  
**W. J. Mayo** Directeur, Secteur de Montréal  
**A. Olynyk** Directeur, Secteur de Champlain  
**H. J. Fast** Directeur, Secteur de Rideau,  
Belleville

### **Région des Grands-Lacs**

**D. V. Gonder** Vice-président, Toronto  
**K. E. Hunt** Directeur général  
**A. R. Williams** Directeur, Secteur de Toronto  
**A. E. Street** Directeur, Secteur du Sud-Ouest de  
l'Ontario, London  
**W. R. Mitchell** Directeur, Secteur du Nord de  
l'Ontario, Capreol

### **Région des Prairies**

**E. P. Stephenson** Vice-président, Winnipeg  
**J. L. Cann** Directeur général  
**S. E. Spencer** Directeur, Secteur de la Tête-des-Lacs,  
Port-Arthur  
**L. H. B. Gooding** Directeur, Secteur de l'Assiniboine,  
Winnipeg  
**L. M. Thomson** Directeur, Secteur de la  
Baie-d'Hudson, Dauphin  
**E. S. Barker** Directeur, Secteur de la Saskatchewan,  
Saskatoon

### **Région des Montagnes**

**D. F. Purves** Vice-président, Edmonton  
**W. D. Piggott** Directeur général  
**J. O. Pitts** Directeur, Secteur d'Alberta, Edmonton  
**G. H. Bloomfield** Directeur, Secteur de la  
Colombie-Britannique, Vancouver

### **Grand Trunk Western Railroad**

**J. W. Demcoe** Vice-président et Directeur général,  
Detroit

### **Services européens**

**W. G. Buchanan** Directeur général, Londres, Angleterre

# Companies Included in the Canadian National System

Canadian National Railway Company  
Canadian National Express Company  
Canadian National Railways (France)  
Canadian National Realties, Limited  
Canadian National Steamship Company, Limited  
Canadian National Telegraph Company  
Canadian National Transfer Company  
Canadian National Transportation, Limited  
The Canadian National Railways Securities Trust  
The Canadian Northern Quebec Railway Company  
D. Chapman and Co. Limited

- ✓ Eastern Transport Limited
- ✓ East-West Transport Ltd.
- ✓ Empire Freightways Limited
- The Great North Western Telegraph Company of Canada
- ✓ Hoar Transport Company Limited
- ✓ Husband Transport Limited
- ✓ Midland Superior Express Limited
- The Minnesota and Manitoba Railroad Company
- The Minnesota and Ontario Bridge Company
- Mount Royal Tunnel and Terminal Company, Limited
- The Northern Consolidated Holding Company Limited
- The Quebec and Lake St. John Railway Company
- ✓ Scobie's Transport Limited
- ✓ The Toronto-Peterborough Transport Company, Limited
- Central Vermont Railway, Inc.
- Central Vermont Transportation Company
- Duluth, Rainy Lake & Winnipeg Railway Company
- Duluth, Winnipeg and Pacific Railroad Company
- Duluth, Winnipeg and Pacific Railway Company
- Grand Trunk-Milwaukee Car Ferry Company
- Grand Trunk Western Railroad Company

In addition, the property of the Canadian Government Railways is entrusted to the Canadian National Railway Company as part of the System.

# Groupe des Chemins de fer Nationaux du Canada

Canadian National Railway Company  
Canadian National Express Company  
Canadian National Railways (France)  
Canadian National Realties, Limited  
Canadian National Steamship Company, Limited  
Canadian National Telegraph Company  
Canadian National Transfer Company  
Canadian National Transportation, Limited  
The Canadian National Railways Securities Trust  
The Canadian Northern Quebec Railway Company  
D. Chapman and Co. Limited

- Eastern Transport Limited
- East-West Transport Ltd.
- Empire Freightways Limited
- The Great North Western Telegraph Company of Canada
- Hoar Transport Company Limited
- Husband Transport Limited
- Midland Superior Express Limited
- The Minnesota and Manitoba Railroad Company
- The Minnesota and Ontario Bridge Company
- Mount Royal Tunnel and Terminal Company, Limited
- The Northern Consolidated Holding Company Limited
- The Quebec and Lake St. John Railway Company
- Scobie's Transport Limited
- The Toronto-Peterborough Transport Company, Limited
- Central Vermont Railway, Inc.
- Central Vermont Transportation Company
- Duluth, Rainy Lake & Winnipeg Railway Company
- Duluth, Winnipeg and Pacific Railroad Company
- Duluth, Winnipeg and Pacific Railway Company
- Grand Trunk-Milwaukee Car Ferry Company
- Grand Trunk Western Railroad Company

La Compagnie des Chemins de fer Nationaux est en outre chargée d'exploiter les Chemins de fer du gouvernement canadien comme partie de son réseau.



# Financial and Statistical Statements

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A 25-Year Synoptical History of the CN

# Consolidated Balance Sheet at December 31, 1968

## Assets

<b>Current Assets</b>			
	Cash	\$ 31,505,259	
	Accounts receivable	108,194,218	
	Material and supplies	79,254,102	
	Other current assets	33,430,999	
	Government of Canada—Due on deficit account	13,476,530	\$ 265,861,108
<b>Insurance Fund</b>			11,140,042
<b>Investments in Affiliated Companies not Consolidated</b>			
	Air Canada	382,819,500	
	Jointly operated rail and terminal facilities	47,509,202	430,328,702
<b>Property Investment</b>			
	Road	2,764,087,796	
	Equipment	1,538,395,362	
	Other physical properties	155,474,857	
		4,457,958,015	
	Less recorded depreciation	1,136,041,907	3,321,916,108
<b>Other Assets and Deferred Charges</b>			
	Other investments	2,856,226	
	Prepayments	2,045,096	
	Unamortized discount on long term debt	12,118,295	
	Other assets	6,518,883	
	Deferred charges	13,451,103	36,989,603
			<b>\$4,066,235,563</b>

## Auditors' Report

To The Honourable The Minister of Transport,  
Ottawa, Canada.

We have examined the consolidated balance sheet of the Canadian National Railway System as at December 31, 1968 and the consolidated statements of income and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to depreciation not recorded in earlier years as referred to in Note 1, these consolidated financial statements are properly drawn up so as to give a true and fair view of the state of affairs of the System

as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Also in our opinion, proper books of account have been kept and the transactions that have come to our notice have been within the powers of the System.

Touche, Ross, Bailey & Smart,  
Chartered Accountants.

February 21, 1969.



# Consolidated Balance Sheet at December 31, 1968

## Liabilities

<b>Current Liabilities</b>	Accounts payable	\$	95,666,774	
	Accrued charges		59,722,216	
	Other current liabilities		11,478,157	\$ 166,867,147
<b>Provision for Insurance</b>				11,140 042
<b>Other Liabilities and Deferred Credits</b>				45,223,989
<b>Long Term Debt</b>	Bonds		1,132,903,264	
	Government of Canada loans and debentures		786,657,445	1,919,560,709

## Shareholders' Equity

<b>Government of Canada</b>	6,000,000 shares of			
	no par value capital stock of Canadian National Railway Company		359,963,017	
	1,130,746,117 shares of			
	4% preferred stock of Canadian National Railway Company		1,130,746,117	
	Capital investment of			
	Government of Canada in the Canadian Government Railways		428,389,357	
			1,919,098,491	
<b>Capital Stock of Subsidiary Companies Owned by Public</b>			4,345,185	1,923,443,676

**\$4,066,235,563**

The notes on page 36 are an integral part  
of this Balance Sheet

W. R. Corner,  
Vice-President and Comptroller.

# Notes to Consolidated Financial Statements at December 31, 1968

36

## Note 1: Property Investment

Additions since January 1, 1923 have been recorded at cost and properties and equipment brought into the System at January 1, 1923 are included at the values appearing in the books of the several railways now comprised in the System to the extent that these have not been retired or replaced. Depreciation on Canadian Lines: Depreciation accounting as adopted for equipment in 1940, for hotel properties in 1954 and for track and road structures and all other physical properties except land in 1956 has been continued in 1968. The depreciation rates used are based on the estimated service life of the properties but do not provide for depreciation which was not recorded in prior years under the replacement and retirement accounting principles then in force, or for extraordinary obsolescence resulting from the introduction of more efficient equipment. Depreciation on U.S. Lines: Replacement accounting for track and depreciation accounting for equipment and other property except land have been continued in accordance with the regulations of the Interstate Commerce Commission.

## Note 2: Material and Supplies

The inventory has been priced at laid down cost based on weighted average cost for ties, rails and fuel and latest invoice price for new materials in general stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

## Note 3: Capital Stock

The capital stock of the Canadian National Railway Company (other than the four percent preferred stock) and the capital investment of Her Majesty in the Canadian Government Railways are included in the net debt of Canada and disclosed in the historical record of government assistance to railways as shown in the Public Accounts of Canada.

## Note 4: Pension Funds

As at October 1, 1967 the unfunded liability under the Company's Pension Plans was actuarially estimated to be \$675,000,000. The Company is liquidating this unfunded liability over a period of sixty years from October 1, 1967 by making annual payments of both principal and interest to the Pension Trust Fund as required by the Pension Benefits Standards Act. These payments have been charged to System expenses and the amount of the unfunded liability has been reduced to \$671,423,250 at December 31, 1968.

## Note 5: Major Commitments

(a) Chicago & Western Indiana Railroad Company: The Grand Trunk Western Railroad Company is liable jointly and severally with four other proprietors as guarantor of principal and interest with respect to \$8,616,000 first Collateral Trust Mortgage 4 $\frac{3}{8}$ % Sinking Fund Bonds due May 1, 1982 of the Chicago & Western Indiana Railroad Company. In addition, the proprietors are obligated to make semi-annual sinking fund payments sufficient to retire the bonds at maturity and to meet interest as it falls due; in the absence of default of any of the other proprietors, Grand Trunk Western's proportion of such semi-annual payments is one-fifth.

(b) The Belt Railway Company of Chicago: The Grand Trunk Western Railroad Company is liable jointly and severally with eleven other proprietors as guarantor of principal, interest and sinking fund payments with respect to \$32,771,000 First Mortgage 4 $\frac{5}{8}$ % Sinking Fund Bonds series "A", due August 15, 1987 of the Belt Railway Company of Chicago. Each proprietor is to make payments to the extent required in proportion to its usage of the Belt's facilities in the preceding three years. For the three years ended December 31, 1968 Grand Trunk Western Railroad's usage was approximately 4.41% of the total.

(c) Detroit & Toledo Shore Line Railroad Company: The Grand Trunk Western Railroad Company is jointly and severally liable with one other proprietor as guarantor of principal, interest and sinking fund payments with respect to \$2,508,000 First Mortgage 3 $\frac{1}{4}$ % 30-year series "A" Bonds, due December 1, 1982 of the Detroit & Toledo Shore Line Railroad Company.



## 37

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# Source and Application of Funds for the Year 1968

38

Working Capital December 31, 1967		\$96,769,145
<b>Source of Funds</b>	Provision for depreciation	\$ 114,421,012
	Increase in long-term debt	74,848,024
	Issue of 4% preferred stock	30,376,193
	Government of Canada in respect of deficit for the year	29,176,530
	Retained proceeds from properties retired	11,907,106
	Other (net)	7,238,650
		<b>\$267,967,515</b>
<b>Application of Funds</b>	Additions to property investment	\$ 161,566,169
	Deficit for the year	29,176,530
	Advances to Air Canada	75,000,000
		<b>\$265,742,699</b>
<b>Net Increase in Working Capital</b>		2,224,816
<b>Working Capital December 31, 1968</b>		<b>\$98,993,961</b>

## Investments in Jointly Operated Rail and Terminal Facilities

		Percentage Held	Investment at Dec. 31, 1967	Transactions Year 1968 Increase or (Decrease)	Investment at Dec. 31, 1968
<b>The Belt Railway Company of Chicago</b>	Capital Stock	8.33	\$ 240,000		\$ 240,000
	Advances		50,902	\$ 23,029	73,931
<b>Chicago &amp; Western Indiana Railroad Company</b>	Capital Stock	20	1,000,000		1,000,000
	Advances		7,110,349	(10,371)	7,099,978
<b>The Detroit &amp; Toledo Shore Line Railroad Company</b>	Capital Stock	50	1,500,000		1,500,000
<b>Detroit Terminal Railroad Company</b>	Capital Stock	50	1,000,000		1,000,000
<b>Northern Alberta Railways Company</b>	Capital Stock	50	8,640,000		8,640,000
	Bonds	50	16,700,000		16,700,000
<b>The Public Markets, Limited</b>	Capital Stock	50	575,000		575,000
<b>Railway Express Agency, Inc.</b>	Capital Stock	0.6	600		600
	Advances		173,493		173,493
<b>The Shawinigan Falls Terminal Railway Company</b>	Capital Stock	50	62,500		62,500
<b>The Toronto Terminals Railway Company</b>	Capital Stock	50	250,000		250,000
	Bonds	50	10,208,200	(214,500)	9,993,700
	Advances		200,000		200,000
<b>Total</b>			<b>\$47,711,044</b>	<b>\$ (201,842)</b>	<b>\$47,509,202</b>



# Property Investment Statement

## Property Investment at December 31, 1967

**\$4,359,627,114**

### Capital Expenditures in 1968

New lines and diversions	\$ 1,330,049		
Roadway improvements	28,191,091		
Large terminals	14,220,877		
Yard tracks and sidings	4,545,502		
Buildings	2,484,095		
Highway crossing protection	734,584		
Signals	6,288,122		
Roadway and shop machinery	4,806,207		
Other facilities	5,294,695		
Total—Road property	67,895,222		
Branch lines	707,958		
Equipment	71,249,586		
Telecommunications	18,338,701		
Hotels	3,374,702	\$161,566,169	

Deduction in respect of property retirements in 1968

63,230,198

Return of Canadian Government Railways  
entrusted property to Government of Canada

5,070

63,235,268

98,330,901

## Property Investment at December 31, 1968

**\$4,457,958,015**

# Recorded Depreciation Statement

## Recorded Depreciation at December 31, 1967

**\$1,072,943,987**

Add provision for depreciation for the year

Road property	\$ 57,205,396		
Equipment	51,639,016		
Other physical properties	5,576,600	\$114,421,012	

Deduct net charges in respect of property retirements

51,323,092

63,097,920

## Recorded Depreciation at December 31, 1968

**\$1,136,041,907**

# Long Term Debt

	Rate %	Maturity (See Notes)		Currency in which payable	Outstanding at Dec. 31, 1967	Transactions Year 1968 Increase or (Decrease)	Outstanding at Dec. 31, 1968
<b>Bonds</b>	5	May 15, 1968 <b>a</b>	Canadian National 9 Year Bonds	Canadian \$	55,800,000	\$ (55,800,000)	
	2⅞	Sept. 15, 1969 <b>b</b>	Canadian National 20 Year Bonds	Canadian	70,000,000		\$ 70,000,000
	2⅞	Jan. 16, 1971 <b>b</b>	Canadian National 21 Year Bonds	Canadian	40,000,000		40,000,000
	5½	Dec. 15, 1971 <b>e</b>	Canadian National 12 Year Bonds	Canadian	187,683,500	(3,040,000)	184,643,500
	3¾	Feb. 1, 1974 <b>c</b>	Canadian National 20 Year Bonds	Canadian	200,000,000		200,000,000
	2¾	June 15, 1975 <b>d</b>	Canadian National 25 Year Bonds	U.S.	6,000,000		6,000,000
	5	May 15, 1977 <b>e</b>	Canadian National 18 Year Bonds	Canadian	83,475,000	(1,800,000)	81,675,000
	4	Feb. 1, 1981	Canadian National 23 Year Bonds	Canadian	300,000,000		300,000,000
	5¾	Jan. 1, 1985 <b>e</b>	Canadian National 25 Year Bonds	Canadian	97,225,000	(1,650,000)	95,575,000
	5	Oct. 1, 1987 <b>e</b>	Canadian National 27 Year Bonds	Canadian	156,511,000	(3,525,000)	152,986,000
	5½	Perpetual	Buffalo and Lake Huron 1st Mortgage Bonds	Sterling	795,366		795,366
	5½	Perpetual	Buffalo and Lake Huron 2nd Mortgage Bonds	Sterling	1,228,398		1,228,398
Total Bonds					1,198,718,264	(65,815,000)	1,132,903,264
<b>Government of Canada Loans and Debentures</b>	Capital Revision Act: Jan. 1, 1972 Debenture			Canadian	100,000,000		100,000,000
	Canadian Government Railways: Advances for Working Capital			Canadian	16,983,762		16,983,762
	Financing and Guarantee Acts: Loans			Canadian	133,710,659	84,863,024	218,573,683
	Refunding Act, 1955: Loans for Debt Redemption			Canadian	395,300,000	55,800,000	451,100,000
Total Government of Canada Loans and Debentures					645,994,421	140,663,024	786,657,445
<b>Total Long Term Debt</b>					<b>\$1,844,712,685</b>	<b>\$ 74,848,024</b>	<b>\$1,919,560,709</b>
<b>Notes:</b>	<b>a</b> Refinanced under Refunding Act, 1955			<b>e</b> Amounts of ½% may be purchased quarterly			
	<b>b</b> Callable at par			through Purchase Funds operated under			
	<b>c</b> Callable at par on or after Feb. 1, 1972			the conditions of each issue			
	<b>d</b> Callable to June 14, 1970 at 100½%; thereafter at par						

## Shareholders' Equity

<b>Government of Canada</b>		No par value capital stock of Canadian National Railway Company	\$ 359,963,017		\$ 359,963,017
		4% Preferred stock of Canadian National Railway Company	1,100,369,924	\$ 30,376,193	1,130,746,117
		Capital investment in Canadian Government Railways	428,394,427	(5,070)	428,389,357
Total Government of Canada			1,888,727,368	30,371,123	1,919,098,491
<b>Capital Stock of Subsidiary Companies Owned by Public</b>			4,345,185		4,345,185
<b>Total Shareholders' Equity</b>			<b>\$1,893,072,553</b>	<b>\$30,371,123</b>	<b>\$1,923,443,676</b>



# Inventory of Railway Equipment

		On Hand Dec. 31, 1968
<b>Motive Power Equipment</b>	Diesel electric units	2,017
	Electric locomotives	18
	Steam generator units	106
	Booster units	15
	<b>Total</b>	<b>2,156</b>
<b>Freight Equipment</b>	Box, flat and stock cars	72,473
	Refrigerator cars	5,107
	Gondola and hopper cars	25,681
	Caboose and other cars	2,768
	<b>Total</b>	<b>106,029</b>
<b>Passenger Equipment</b>	Coach cars	606
	Sleeping, dining and parlour cars	620
	Baggage, mail and express cars	1,051
	Other cars in passenger service	119
	<b>Total</b>	<b>2,396</b>
<b>Work Equipment</b>	Units in work service	<b>8,209</b>
<b>Floating Equipment</b>	Car ferries	6
	Barges and tugs	7
	<b>Total</b>	<b>13</b>

## Operated Mileage at December 31, 1968

		Owned	Leased	Trackage Rights	Total
<b>Operated Road Mileage— first main track</b>	Atlantic Region	3,744	1	81	3,826
	St. Lawrence Region (including New England Lines)	3,767	7	6	3,780
	Great Lakes Region	3,314	—	16	3,330
	Prairie Region (including Duluth, Winnipeg and Pacific)	8,132	—	5	8,137
	Mountain Region	4,065	35	76	4,176
	Grand Trunk Western Lines	879	10	58	947
	Central Vermont Lines	308	—	59	367
	<b>Total</b>	<b>24,209</b>	<b>53</b>	<b>301</b>	<b>24,563</b>
	Lines in Canada	22,618	36	182	22,836
	Lines in United States	1,591	17	119	1,727
<b>Operated Mileage— all tracks</b>	First main track	24,209	53	301	24,563
	All other main tracks	1,191	—	82	1,273
	Spurs, sidings and yard tracks	7,531	12	1,768	9,311
	<b>Total All Tracks</b>	<b>32,931</b>	<b>65</b>	<b>2,151</b>	<b>35,147</b>

# Statistics of Rail-Line Operations

		1968	1967	% Increase or (Decrease)
<b>Freight Traffic</b>				
Freight revenue	\$	709,243,618	678,099,947	4.6
Tons carried—Revenue freight		102,415,199	100,201,935	2.2
Ton miles—Revenue freight		49,663,886,434	48,781,108,968	1.8
Train hours in freight road service		1,478,155	1,631,489	(9.4)
<b>Averages per Mile of Road:</b>				
Freight revenue	\$	28,949	27,665	4.6
Train miles		1,392	1,530	(9.0)
Total freight train car miles		87,799	88,287	(0.6)
Ton miles—Revenue freight		2,027,102	1,990,195	1.9
Ton miles—All freight		2,079,666	2,038,309	2.0
<b>Averages per Loaded Car Mile:</b>				
Freight revenue	¢	55.5	52.8	5.1
Ton miles—All freight		39.9	38.9	2.6
<b>Miscellaneous Averages:</b>				
Revenue per ton	\$	6.93	6.77	2.4
Revenue per ton mile	¢	1.428	1.390	2.7
Miles hauled per revenue ton		481.0	492.2	(2.3)
Cars per train—loaded		34.5	33.1	4.2
Cars per train—empty		23.9	22.2	7.7
Gross load—Freight trains (tons)		2,952	2,732	8.1
Net load—Freight trains (tons)		1,419	1,299	9.2
Gross ton miles per freight train hour		68,108	62,791	8.5
Train speed—Miles per hour		23.1	23.0	0.4
Diesel unit miles per serviceable day (excluding stored)		259	262	(1.1)
<b>Passenger Traffic</b>				
Passenger services revenue	\$	70,620,136	83,885,978	(15.8)
Revenue passengers carried		14,842,007	18,349,159	(19.1)
Revenue passenger miles		2,045,584,921	2,494,609,947	(18.0)
<b>Averages per Mile of Road:</b>				
Passenger services revenue	\$	2,882	3,422	(15.8)
Train miles		860	898	(4.2)
Total passenger train car miles		7,877	9,456	(16.7)
Revenue passenger miles		83,493	101,776	(18.0)
<b>Averages per Car Mile</b>				
<b>—Passenger Services:</b>				
Passenger services revenue	¢	53.6	54.6	(1.8)
Revenue passenger miles		15.5	16.2	(4.3)
<b>Miscellaneous Averages</b>				
<b>—Passenger Services:</b>				
Revenue per passenger	\$	4.76	4.57	4.2
Revenue per passenger mile	¢	3.452	3.363	2.6
Average passenger journey (miles)		137.8	136.0	1.3
Percent on time arrival				
—selected principal trains		76.9	68.0	13.1
Diesel unit miles per serviceable day (excluding stored)		494	501	(1.4)
<b>Average Miles of Road Operated</b>				
		24,499.95	24,510.72	—



# Statistics of Rail-Line Operations

		1968	1967	% Increase or (Decrease)
<b>Train Miles</b>	Freight service	34,105,259	37,501,142	(9.1)
	Passenger service	21,071,095	22,009,863	(4.3)
	Work service	1,329,276	1,448,289	(8.2)
	<b>Total Train Miles</b>	<b>56,505,630</b>	<b>60,959,294</b>	<b>(7.3)</b>
<b>Locomotive Miles</b>	Freight service	34,420,196	37,832,788	(9.0)
	Passenger service	18,559,581	19,334,210	(4.0)
	Switching service—Road and yard	17,925,460	18,671,578	(4.0)
	Work service	1,519,408	1,670,024	(9.0)
	<b>Total Locomotive Miles</b>	<b>72,424,645</b>	<b>77,508,600</b>	<b>(6.6)</b>
<b>Car Miles</b>	<b>Freight:</b>			
	Loaded	1,276,952,539	1,283,960,926	(0.5)
	Empty	834,834,519	839,157,009	(0.5)
	Caboose	39,280,381	40,862,204	(3.9)
		<b>2,151,067,439</b>	<b>2,163,980,139</b>	<b>(0.6)</b>
	<b>Passenger:</b>			
	Coach and combination	50,399,422	58,781,554	(14.3)
	Sleeping, parlour and observation	59,313,406	72,324,982	(18.0)
	Dining	18,143,292	18,754,949	(3.3)
	Motor Unit	5,202,783	5,964,787	(12.8)
	Other (baggage and express, etc.)	59,920,368	75,958,534	(21.1)
		<b>192,979,271</b>	<b>231,784,806</b>	<b>(16.7)</b>
	<b>Work Service</b>	<b>1,376,327</b>	<b>2,066,354</b>	<b>(33.4)</b>
	<b>Total Car Miles</b>	<b>2,345,423,037</b>	<b>2,397,831,299</b>	<b>(2.2)</b>
<b>Ton Miles</b>	Gross ton miles—all services (excluding passenger cars on passenger trains)	105,784,624,000	104,465,128,000	1.3
	Net ton miles—all services	50,951,714,000	49,960,420,000	2.0

		1968	1967	Increase or (Decrease) Tons	%
<b>Revenue Tonnage Carried (by classes of commodities)</b>	Agricultural products	12,807,759	15,477,533	(2,669,774)	(17.2)
	Animals and animal products	777,985	792,924	(14,939)	(1.9)
	Mine products	33,929,854	32,329,586	1,600,268	4.9
	Forest products	13,174,399	12,910,605	263,794	2.0
	Manufactures and miscellaneous	41,624,434	38,358,892	3,265,542	8.5
	Total carload freight	102,314,431	99,869,540	2,444,891	2.4
	All less than carload freight	100,768	332,395	(231,627)	(69.7)
	<b>Grand Total</b>	<b>102,415,199</b>	<b>100,201,935</b>	<b>2,213,264</b>	<b>2.2</b>

# Pension Trust Funds—Statement of Financial Position at December 31, 1968

<b>Reserve for Pensions</b>	<b>Reserve at December 31, 1967</b>		<b>\$1,359,253,758</b>
	<b>Additions during Year</b>		
	Contributions by employees on account of:		
	—Current service		24,368,654
	—Prior years' deficiencies		2,297,916
	Contributions by the Company		41,304,672
	Net earnings on investments		39,214,027
			<hr/> 107,185,269
	<b>Deductions during Year</b>		
	Pensions paid		46,065,616
	Refunds on termination of service		5,629,055
			<hr/> 51,694,671
<b>Reserve at December 31, 1968</b>			<b>\$1,414,744,356</b>
<b>Represented by</b>	<b>Investments</b>		
	Bonds—at amortized value (market value—\$259,472,000)	\$	326,987,246
	Mortgages—at amortized value		207,635,476
	Stocks—at cost, including segregated equity funds with \$10,187,953 temporarily invested pending purchase of stocks (market value—\$244,137,000)		196,050,459
	Short term investments—at cost		4,274,355
			<hr/> 734,947,536
	Cash in banks		129,732
	Account receivable—Canadian National Railways		1,926,293
	Accrued interest and other assets		6,317,545
			<hr/> 743,321,106
	Amount required for funding in accordance with the Pension Benefits Standards Act:		
	—Initial unfunded liability at October 1, 1967 to be liquidated over sixty years	\$675,000,000	
	—Payments to December 31, 1968 by Canadian National Railways in accordance with the Act	3,576,750	671,423,250
			<hr/> <b>\$1,414,744,356</b>

W. R. Corner,  
Vice-President and Comptroller.



# Actuarial Certificate

This is to certify that the Reserve for Pensions shown in the Statement of Financial Position of the Pension Trust Funds of Canadian National Railways, amounting to \$1,414,744,356 as at December 31, 1968, in my opinion, represented adequate provision for the accumulated

liabilities of pensions then approved and in force, pensions awaiting approval and pensions accrued to the above date in respect of employees then in service under the 1935 and 1959 Plans, excluding pensions granted under prior Plans.

Cyril J. Woods,  
Fellow of the Canadian  
Institute of Actuaries.

William M. Mercer Limited,  
Montreal, February 20, 1969.

## Auditors' Report

To the Trustee,  
Canadian National Railways Pension Funds.

We have examined the statement of financial position of the Pension Trust Funds of Canadian National Railways at December 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, this financial statement is properly drawn up so as to give a true and fair view of the state of affairs

of the Trust Funds at December 31, 1968 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Also in our opinion, proper books of account have been kept and the transactions that have come under our notice have been within the powers of the Trustee.

Touche, Ross, Bailey & Smart,  
Chartered Accountants.

February 21, 1969.

# A 25-Year Synoptical History of the Canadian National Railways

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Year	Gross Revenues	Railway Operating Revenues	Railway Operating Expenses	Net Railway Operating Profit or (Loss)	Other Income	Surplus or (Deficit) before Interest Charges	Interest on Debt	Surplus or (Deficit)	Freight Revenue Ton Miles	Freight Revenue per Ton Mile	Passenger Revenue Miles	Passenger Revenue per Mile	Average Number of Employees
	Millions	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Millions	¢	Millions	¢	
1944	\$ 446.8	\$434,149	\$366,680	\$ 67,469	\$ 6,032	\$ 73,501	\$ 50,474	\$ 23,027	36,016	.893	3,697	2.165	108,278
1945	439.7	426,233	358,972	67,261	6,505	73,766	49,010	24,756	34,600	.915	3,338	2.266	110,591
1946	407.6	393,246	361,634	31,612	6,111	37,723	46,685	(8,962)	30,812	.975	2,289	2.531	109,809
1947	446.0	430,512	406,335	24,177	5,864	30,041	45,926	(15,885)	32,945	1.040	1,845	2.693	112,801
1948	499.7	483,396	471,589	11,807	1,002	12,809	46,342	(33,533)	32,943	1.195	1,755	2.773	115,395
1949	509.4	491,478	484,728	6,750	(161)	6,589	48,632	(42,043)	30,922	1.276	1,621	3.167	116,057
1950	562.6	543,275	502,252	41,023	3,138	44,161	47,422	(3,261)	31,988	1.394	1,408	3.356	116,347
1951	634.1	612,802	585,615	27,187	5,958	33,145	48,177	(15,032)	36,435	1.369	1,611	3.489	124,608
1952	684.5	661,349	640,233	21,116	4,441	25,557	25,415	142	38,430	1.397	1,635	3.566	131,297
1953	707.7	680,669	660,248	20,421	9,199	29,620	29,376	244	36,678	1.509	1,539	3.610	130,109
1954	652.1	623,552	623,965	(413)	4,182	3,769	32,527	(28,758)	32,882	1.529	1,472	3.628	122,237
1955	693.9	664,613	630,140	34,473	9,249	43,722	33,004	10,718	35,677	1.511	1,464	3.662	119,430
1956	785.7	754,931	710,977	43,954	13,906	57,860	31,783	26,077	41,935	1.461	1,501	3.758	126,639
1957	764.4	732,427	735,679	(3,252)	10,651	7,399	36,972	(29,573)	36,674	1.601	1,499	3.873	124,620
1958	716.3	680,993	698,327	(17,334)	12,264	(5,070)	46,521	(51,591)	35,077	1.554	1,269	3.980	113,086
1959	751.9	712,976	719,000	(6,024)	11,234	5,210	48,798	(43,588)	35,542	1.613	1,272	3.927	111,538
1960	723.4	663,214	681,692	(18,478)	12,004	(6,474)	61,023	(67,497)	34,011	1.547	1,208	3.990	104,155
1961	745.5	677,380	693,605	(16,225)	11,393	(4,832)	62,476	(67,308)	34,723	1.480	1,076	4.038	99,564
1962	772.1	701,623	707,442	(5,819)	19,398	13,579	62,498	(48,919)	35,595	1.487	1,044	4.212	97,922
1963	800.0	725,181	720,170	5,011	16,179	21,190	64,204	(43,014)	40,171	1.375	1,189	3.730	92,571
1964	864.2	782,632	775,175	7,457	16,477	23,934	62,660	(38,726)	44,516	1.355	1,613	3.212	93,194
1965	914.7	827,292	817,382	9,910	18,635	28,545	61,960	(33,415)	46,131	1.385	1,782	3.274	93,438
1966	998.6	906,142	881,874	24,268	15,841	40,109	64,702	(24,593)	49,643	1.376	1,995	3.382	92,604
1967	1,049.9	945,213	942,444	2,769	26,414	29,183	65,052	(35,869)	48,781	1.390	2,495	3.363	93,060
1968	1,072.7	961,869	943,140	18,729	22,545	41,274	70,451	(29,177)	49,664	1.428	2,046	3.452	85,240



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# Bilan consolidé au 31 décembre 1968

## Actif

<b>Disponibilités</b>	Encaisse	\$ 31,505,259	
	Débiteurs	108,194,218	
	Fournitures et approvisionnements	79,254,102	
	Disponibilités diverses	33,430,999	
	Subvention d'équilibre: solde du déficit de l'exercice	13,476,530	\$ 265,861,108
<b>Caisse d'assurances</b>			11,140,042
<b>Participations— compagnies affiliées non consolidées</b>	Air Canada	382,819,500	
	Entreprises ferroviaires et autres en exploitation conjointe	47,509,202	430,328,702
<b>Immobilisations</b>	Installations fixes	2,764,087,796	
	Matériel	1,538,395,362	
	Divers	155,474,857	
		4,457,958,015	
	Moins amortissement comptabilisé	1,136,041,907	3,321,916,108
<b>Autres éléments d'actif et charges différées</b>	Investissements divers	2,856,226	
	Frais payés d'avance	2,045,096	
	Prime de remboursement non amortie—Dette à long terme	12,118,295	
	Autres éléments d'actif	6,518,883	
	Charges différées	13,451,103	36,989,603
			<b>\$4,066,235,563</b>

## Rapport des vérificateurs

A l'honorable Ministre des Transports,  
Ottawa, Canada.

Nous avons examiné le bilan consolidé des Chemins de fer Nationaux du Canada au 31 décembre 1968, ainsi que les résultats consolidés et le tableau consolidé de provenance et d'affectation des fonds de l'exercice clos à cette date. Notre examen a notamment comporté l'étude générale des méthodes comptables et les sondages des livres et des pièces justificatives que nous avons jugés nécessaires en l'occurrence.

A notre avis, compte tenu de la note 1 relative à l'amortissement non comptabilisé d'exercices passés, ces états financiers consolidés ont été établis de manière à

présenter un exposé fidèle de la situation financière des Chemins de fer Nationaux au 31 décembre 1968, ainsi que des résultats et du tableau de provenance et d'affectation des fonds de l'exercice clos à cette date et sont conformes aux principes comptables généralement admis et appliqués suivant les mêmes modalités que durant l'exercice précédent.

Nous estimons également que les Chemins de fer Nationaux ont tenu les livres comptables voulus et n'ont pas excédé leurs compétences en procédant aux opérations dont nous avons pris connaissance.

Touche, Ross, Bailey & Smart,  
Comptables agréés.

le 21 février 1969.



# Bilan consolidé au 31 décembre 1968

## Passif

<b>Exigibilités</b>	Créanciers	\$ 95,666,774	
	Charges courues	59,722,216	
	Exigibilités diverses	11,478,157	\$ 166,867,147

<b>Provision pour assurances</b>			11,140,042
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<b>Crédits différés et divers</b>			45,223,989
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<b>Dette à long terme</b>	Obligations	1,132,903,264	
	Emprunts et obligations non garanties—Gouvernement du Canada	786,657,445	1,919,560,709

## Avoir des actionnaires

<b>Gouvernement du Canada</b>	6,000,000 d'actions sans valeur nominale de la Compagnie des Chemins de fer Nationaux du Canada	359,963,017	
	1,130,746,117 actions privilégiées 4% de la Compagnie des Chemins de fer Nationaux du Canada	1,130,746,117	
	Investissements gouvernementaux dans les Chemins de fer du gouvernement canadien	428,389,357	
		1,919,098,491	
<b>Autres détenteurs</b>	Capital-actions de filiales	4,345,185	1,923,443,676
			<b>\$4,066,235,563</b>

Les notes de la page 50 sont partie intégrante du présent bilan.

Le Vice-président et Contrôleur,  
W. R. Corner.

# Notes explicatives des états consolidés— 31 décembre 1968

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## 1: Immobilisations

La valeur comptable des immeubles et du matériel incorporés au Groupe le 1<sup>er</sup> janvier 1923 et qui n'ont été ni désaffectés ni remplacés par la suite est celle qui figurait dans les livres des compagnies constituantes; les acquisitions postérieures sont comptabilisées au prix coûtant. Amortissement des lignes canadiennes: la comptabilité d'amortissement utilisée depuis 1940 pour le matériel, depuis 1954 pour les hôtels et depuis 1956 pour les voies, installations fixes et autres biens à l'exception des terrains, a de nouveau été utilisée en 1968. Les taux d'amortissement pratiqués sont fonction de la durée probable d'utilisation des biens mais ne tiennent compte ni de l'amortissement non comptabilisé au titre des exercices antérieurs alors qu'on pratiquait une comptabilité de remplacement et de désaffectation, ni du vieillissement technique prématuré dû à la mise en service de matériel mieux adapté. Amortissement des lignes américaines: la comptabilité de remplacement a de nouveau été utilisée pour les voies et la comptabilité d'amortissement pour le matériel et les autres biens à l'exception des terrains, conformément aux règlements de l'«Interstate Commerce Commission».

## 2: Fournitures et approvisionnements

Les stocks ont été évalués au prix d'achat pondéré pour les rails, les traverses et le carburant, aux derniers prix facturés pour les fournitures neuves, à la valeur estimative ou de revente pour les fournitures usagées, désuètes ou réformées.

## 3: Capital-actions

Le capital-actions des Chemins de fer Nationaux du Canada (à l'exclusion des actions privilégiées 4%) et les investissements de Sa Majesté dans les Chemins de fer gouvernementaux sont inclus dans la dette publique du Canada et sont archivés au chapitre de l'aide aux chemins de fer tels qu'ils figurent dans les Comptes publics du Canada.

## 4: Caisses de retraite

Au 1<sup>er</sup> octobre 1967, la masse des cotisations patronales dues au titre des régimes de retraite de la Compagnie était mathématiquement évaluée à \$675,000,000. Conformément aux dispositions de la Loi sur les normes des prestations de pension, la Compagnie liquidera sa dette sous forme de versements annuels, intérêts compris, à la Caisse de retraite, échelonnés sur une période de soixante ans à compter du 1<sup>er</sup> octobre 1967. Ces versements ont pour effet de ramener le montant de la dette actuarielle à \$671,423,250 au 31 décembre 1968.

## 5: Engagements importants

(a) Chicago & Western Indiana Railroad Company: La Grand Trunk Western Railroad Company, conjointement et solidairement avec quatre autres propriétaires, se porte garante du capital et des intérêts de l'emprunt obligataire de \$8,616,000 portant intérêt à 4 $\frac{3}{8}$ %, émis par la Chicago & Western Indiana Railroad Company, remis en nantissement de première hypothèque et venant à échéance le 1<sup>er</sup> mai 1982. De plus, les propriétaires sont tenus de verser semestriellement au fonds d'amortissement les sommes destinées à rembourser les obligations et à servir les intérêts; dans l'hypothèse où aucun des propriétaires ne manque à ses engagements, la quote-part semestrielle de la Grand Trunk Western est égale au cinquième desdites sommes.

(b) The Belt Railway Company of Chicago: La Grand Trunk Western Railroad Company, conjointement et solidairement avec onze autres propriétaires, se porte garante du capital, des intérêts et des versements au fonds d'amortissement de l'emprunt obligataire de \$32,771,000, série A, portant intérêt à 4 $\frac{5}{8}$ %, émis par la Belt Railway Company of Chicago, remis en nantissement de 1<sup>re</sup> hypothèque et venant à échéance le 15 août 1987. Chacun des propriétaires est tenu de verser une somme qui est fonction de l'utilisation qu'il a faite des installations de la Belt pendant les trois dernières années. Pour la période triennale se terminant le 31 décembre 1968, la part de la Grand Trunk Western Railroad était de 4.41% du total.

(c) Detroit & Toledo Shore Line Railroad Company: La Grand Trunk Western Railroad Company, conjointement et solidairement avec un autre propriétaire, se porte garante du capital, des intérêts et des versements au fonds d'amortissement de l'emprunt obligataire de \$2,508,000, série A, 30 ans, portant intérêt à 3 $\frac{1}{4}$ %, émis par la Detroit & Toledo Shore Line Railroad Company, remis en nantissement de 1<sup>re</sup> hypothèque et venant à échéance le 1<sup>er</sup> décembre 1982.



# Résultats consolidés

		1968	1967
<b>Recettes de l'exploitation ferroviaire</b>	Services marchandises	\$ 726,272,583	\$ 695,320,574
	Services voyageurs	70,620,136	83,885,978
	Transports postaux	11,947,447	13,235,730
	Messageries	63,027,898	55,331,062
	Divers	34,949,459	34,359,524
	Subvention—Loi nationale sur les transports	55,051,765	63,079,801
<b>Total</b>		<b>961,869,288</b>	<b>945,212,669</b>
<b>Dépenses de l'exploitation ferroviaire</b>	Entretien des installations fixes	155,673,879	161,630,441
	Entretien du matériel	193,384,040	193,393,212
	Transport	409,859,886	407,756,047
	Ventes	23,031,662	23,330,269
	Services divers	18,058,146	17,963,282
	Frais généraux	85,040,692	80,343,568
	Impôts	40,209,582	37,509,752
	Loyers de matériel et d'installations exploitées en commun	17,882,476	20,517,040
<b>Total</b>		<b>943,140,363</b>	<b>942,443,611</b>
<b>Revenu net de l'exploitation ferroviaire</b>		<b>18,728,925</b>	<b>2,769,058</b>
<b>Autres revenus nets</b>	Télécommunications	8,654,140	7,311,635
	Hôtels	1,635,652	3,417,629
	Entreprises autonomes de camionnage	1,979,689	1,982,243
	Divers	10,276,032	13,702,406
<b>Total</b>		<b>22,545,513</b>	<b>26,413,913</b>
<b>Revenus nets, avant intérêts de la dette</b>		<b>41,274,438</b>	<b>29,182,971</b>
<b>Charges financières</b>	Intérêts de la dette	88,692,490	78,909,630
	Moins: produit des prêts à Air Canada	18,241,522	13,857,462
<b>Charges financières nettes</b>		<b>70,450,968</b>	<b>65,052,168</b>
<b>Déficit</b>		<b>\$ 29,176,530</b>	<b>\$ 35,869,197</b>

# Provenance et affectation des fonds en 1968

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Fonds de roulement au 31 décembre 1967			\$96,769,145
<b>Provenance des fonds</b>	Amortissement	\$ 114,421,012	
	Augmentation de la dette à long terme	74,848,024	
	Émission d'actions privilégiées 4%	30,376,193	
	Subvention d'équilibre: déficit de l'exercice	29,176,530	
	Produit d'opérations sur biens désaffectés	11,907,106	
	Divers (montant net)	7,238,650	
		<b>\$267,967,515</b>	
<b>Affectation des fonds</b>	Immobilisations	\$ 161,566,169	
	Déficit de l'exercice	29,176,530	
	Avances à Air Canada	75,000,000	
		<b>\$265,742,699</b>	
<b>Augmentation nette du fonds de roulement</b>			2,224,816
<b>Fonds de roulement au 31 décembre 1968</b>			<b>\$98,993,961</b>

## Placements — entreprises ferroviaires et autres en exploitation conjointe

		Pourcentage	Placements au 31 déc. 1967	Augmentation (diminution) en 1968	Placements au 31 déc. 1968
<b>The Belt Railway Company of Chicago</b>	Capital-actions	8.33	\$ 240,000		\$ 240,000
	Avances		50,902	\$ 23,029	73,931
<b>Chicago &amp; Western Indiana Railroad Company</b>	Capital-actions	20	1,000,000		1,000,000
	Avances		7,110,349	(10,371)	7,099,978
<b>The Detroit &amp; Toledo Shore Line Railroad Company</b>	Capital-actions	50	1,500,000		1,500,000
<b>Detroit Terminal Railroad Company</b>	Capital-actions	50	1,000,000		1,000,000
<b>Northern Alberta Railways Company</b>	Capital-actions	50	8,640,000		8,640,000
	Obligations	50	16,700,000		16,700,000
<b>The Public Markets, Limited</b>	Capital-actions	50	575,000		575,000
<b>Railway Express Agency, Inc.</b>	Capital-actions	0.6	600		600
	Avances		173,493		173,493
<b>The Shawinigan Falls Terminal Railway Company</b>	Capital-actions	50	62,500		62,500
<b>The Toronto Terminals Railway Company</b>	Capital-actions	50	250,000		250,000
	Obligations	50	10,208,200	(214,500)	9,993,700
	Avances		200,000		200,000
<b>Total</b>			<b>\$47,711,044</b>	<b>\$ (201,842)</b>	<b>\$47,509,202</b>



# Immobilisations

Immobilisations au 31 décembre 1967		\$4,359,627,114	
Investissements en 1968			
Nouvelles lignes et voies de dérivation	\$ 1,330,049		
Améliorations de la voie	28,191,091		
Grands centres ferroviaires	14,220,877		
Voies de triage et embranchements	4,545,502		
Bâtiments	2,484,095		
Protection des passages à niveau	734,584		
Signaux	6,288,122		
Matériel de voies et d'atelier	4,806,207		
Divers	5,294,695		
Total—installations fixes	67,895,222		
Lignes secondaires	707,958		
Matériel	71,249,586		
Télécommunications	18,338,701		
Hôtels	3,374,702	\$161,566,169	
Moins désaffectations en 1968	63,230,198		
Restitution au gouvernement fédéral de biens des Chemins de fer du gouvernement canadien	5,070	63,235,268	98,330,901
Immobilisations au 31 décembre 1968		\$4,457,958,015	

## Amortissement comptabilisé

<b>Amortissement comptabilisé au 31 décembre 1967</b>			<b>\$1,072,943,987</b>
<hr/>			
Plus amortissement de l'exercice:			
Installations fixes	\$ 57,205,396		
Matériel	51,639,016		
Immobilisations diverses	5,576,600	\$114,421,012	
<hr/>			
Moins amortissement net des biens désaffectés		51,323,092	63,097,920
<hr/>			
<b>Amortissement comptabilisé au 31 décembre 1968</b>			<b>\$1,136,041,907</b>

# Dettes à long terme

	Taux %	Échéance (voir renvois)		Monnaie de paiement	En circulation le 31 déc. 1967	Accroisse- ment (réduction)	En circulation le 31 déc. 1968
Emprunts obligataires	5	15 mai 1968 <b>a</b>	Canadien National—9 ans	\$ can.	\$ 55,800,000	\$ (55,800,000)	
	2⅞	15 sept. 1969 <b>b</b>	Canadien National—20 ans	\$ can.	70,000,000		\$ 70,000,000
	2⅞	16 janv. 1971 <b>b</b>	Canadien National—21 ans	\$ can.	40,000,000		40,000,000
	5½	15 déc. 1971 <b>e</b>	Canadien National—12 ans	\$ can.	187,683,500	(3,040,000)	184,643,500
	3¾	1 <sup>er</sup> fév. 1974 <b>c</b>	Canadien National—20 ans	\$ can.	200,000,000		200,000,000
	2¾	15 juin 1975 <b>d</b>	Canadien National—25 ans	\$ É.-U.	6,000,000		6,000,000
	5	15 mai 1977 <b>e</b>	Canadien National—18 ans	\$ can.	83,475,000	(1,800,000)	81,675,000
	4	1 <sup>er</sup> fév. 1981	Canadien National—23 ans	\$ can.	300,000,000		300,000,000
	5¾	1 <sup>er</sup> janv. 1985 <b>e</b>	Canadien National—25 ans	\$ can.	97,225,000	(1,650,000)	95,575,000
	5	1 <sup>er</sup> oct. 1987 <b>e</b>	Canadien National—27 ans	\$ can.	156,511,000	(3,525,000)	152,986,000
	5½	Perpétuelles	Buffalo & Lake Huron (oblig. 1 <sup>re</sup> hypothèque)	£ Sterling	795,366		795,366
	5½	Perpétuelles	Buffalo & Lake Huron (oblig. 2 <sup>e</sup> hypothèque)	£ Sterling	1,228,398		1,228,398
Total des emprunts obligataires					1,198,718,264	(65,815,000)	1,132,903,264
Emprunts et obligations non garan- ties—Gou- vernement du Canada	Loi sur la révision du capital: obligations 1 <sup>er</sup> janv. 1972			\$ can.	100,000,000		100,000,000
	Chemins de fer du gouv. can.: avances au fonds de roulement			\$ can.	16,983,762		16,983,762
	Lois de finance et de garantie: emprunts			\$ can.	133,710,659	84,863,024	218,573,683
	Loi de 1955 sur le remboursement d'obligations			\$ can.	395,300,000	55,800,000	451,100,000
	Total des emprunts et obligations non garanties— Gouvernement du Canada					645,994,421	140,663,024
Total de la dette à long terme					\$1,844,712,685	\$74,848,024	\$1,919,560,709
Renvois	<b>a</b> Refinancé en vertu de la Loi de 1955 sur le remboursement			<b>e</b> Des tranches de ½% peuvent être rachetées trimestriellement par les caisses de rachat suivant les modalités fixées lors de chaque émission.			
<b>b</b> Rachetable au pair							
<b>c</b> Rachetable au pair à partir du 1 <sup>er</sup> fév. 1972							
<b>d</b> Rachetable à 100½% jusqu'au 14 juin 1970; au pair par la suite							

## Avoir des actionnaires

<b>Gouvernement du Canada</b>	Actions sans valeur nominale de la Compagnie des Chemins de fer Nationaux du Canada	\$ 359,963,017		\$ 359,963,017
	Actions privilégiées, à 4%, de la Compagnie des Chemins de fer Nationaux du Canada	1,100,369,924	\$ 30,376,193	1,130,746,117
	Investissements dans les Chemins de fer du gouvernement canadien	428,394,427	(5,070)	428,389,357
	Total	1,888,727,368	30,371,123	1,919,098,491
<b>Autres détenteurs</b>	Capital-actions de filiales	4,345,185		4,345,185
<b>Avoir total des actionnaires</b>		<b>\$1,893,072,553</b>	<b>\$30,371,123</b>	<b>\$1,923,443,676</b>



# Parc de matériel

			Au 31 décembre 1968
<b>Matériel de traction</b>	Locomotives diesel – électriques		2,017
	Locomotives électriques		18
	Fourgons-chaudières		106
	Locomotives de renfort		15
	<b>Total</b>		<b>2,156</b>
<b>Matériel marchandises</b>	Wagons couverts, plats et à bestiaux		72,473
	Wagons frigorifiques		5,107
	Wagons tombereaux et trémies		25,681
	Fourgons de queue et véhicules divers		2,768
	<b>Total</b>		<b>106,029</b>
<b>Matériel voyageurs</b>	Voitures ordinaires		606
	Voitures lits, restaurants et salons		620
	Wagons poste, fourgons à bagages et à messageries		1,051
	Divers		119
	<b>Total</b>		<b>2,396</b>
<b>Matériel de travaux</b>	Unités en service		<b>8,209</b>
<b>Flotte</b>	Traversiers		6
	Chalands et remorqueurs		7
	<b>Total</b>		<b>13</b>

## Longueur (en milles) des lignes exploitées au 31 décembre 1968

		Exploitation directe	En location	Droit de passage	Total
<b>Première voie principale</b>	Région de l'Atlantique	3,744	1	81	3,826
	Région du Saint-Laurent (y compris les lignes de la Nouvelle-Angleterre)	3,767	7	6	3,780
	Région des Grands-Lacs	3,314	—	16	3,330
	Région des Prairies (y compris le Duluth, Winnipeg et Pacific)	8,132	—	5	8,137
	Région des Montagnes	4,065	35	76	4,176
	Grand Trunk Western	879	10	58	947
	Central Vermont	308	—	59	367
	<b>Total</b>	<b>24,209</b>	<b>53</b>	<b>301</b>	<b>24,563</b>
	Lignes du Canada	22,618	36	182	22,836
	Lignes des États-Unis	1,591	17	119	1,727
<b>Ensemble des voies</b>	Première voie principale	24,209	53	301	24,563
	Autres voies principales	1,191	—	82	1,273
	Embranchements, voies d'évitement et de manœuvre	7,531	12	1,768	9,311
	<b>Total général</b>	<b>32,931</b>	<b>65</b>	<b>2,151</b>	<b>35,147</b>

# Statistiques de l'exploitation ferroviaire

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		1968	1967	% d'augmentation ou de diminution)
<b>Trafic marchandises</b>	Recettes	\$ 709,243,618	678,099,947	4.6
	Tonnes transportées—trafic commercial	102,415,199	100,201,935	2.2
	Tonnes-milles—trafic commercial	49,663,886,434	48,781,108,968	1.8
	Trains-heures—service de ligne	1,478,155	1,631,489	(9.4)
	<b>Moyennes par mille de voie:</b>			
	Recettes	\$ 28,949	27,665	4.6
	Trains-milles	1,392	1,530	(9.0)
	Parcours des wagons (en milles)	87,799	88,287	(0.6)
	Tonnes-milles—trafic commercial	2,027,102	1,990,195	1.9
	Tonnes-milles—tous trafics	2,079,666	2,038,309	2.0
	<b>Moyennes par wagon chargé-mille:</b>			
	Recettes	¢ 55.5	52.8	5.1
	Tonnes-milles—tous trafics	39.9	38.9	2.6
	<b>Moyennes diverses:</b>			
	Recette par tonne transportée	\$ 6.93	6.77	2.4
	Recette par tonne-mille	¢ 1.428	1.390	2.7
	Parcours de la tonne—trafic commercial	481.0	492.2	(2.3)
	Nombre de wagons chargés par train	34.5	33.1	4.2
	Nombre de wagons vides par train	23.9	22.2	7.7
	Charge brute des trains (en tonnes)	2,952	2,732	8.1
	Charge nette des trains (en tonnes)	1,419	1,299	9.2
	Tonnes-milles brutes par train-heure	68,108	62,791	8.5
	Vitesse des trains—milles/heure	23.1	23.0	0.4
	Parcours journalier des diesels en service (en milles)	259	262	(1.1)
<b>Trafic voyageurs</b>	Recettes totales—services voyageurs	\$ 70,620,136	83,885,978	(15.8)
	Voyageurs taxés	14,842,007	18,349,159	(19.1)
	Voyageurs-milles taxés	2,045,584,921	2,494,609,947	(18.0)
	<b>Moyennes par mille de voie:</b>			
	Recettes	\$ 2,882	3,422	(15.8)
	Trains-milles	860	898	(4.2)
	Parcours des voitures (en milles)	7,877	9,456	(16.7)
	Voyageurs-milles taxés	83,493	101,776	(18.0)
	<b>Moyennes par voiture-mille—Services voyageurs:</b>			
	Recettes	¢ 53.6	54.6	(1.8)
	Voyageurs-milles taxés	15.5	16.2	(4.3)
	<b>Moyennes diverses—Services voyageurs:</b>			
	Recette par voyageur	\$ 4.76	4.57	4.2
	Recette par voyageur-mille	¢ 3.452	3.363	2.6
	Parcours du voyageur (en milles)	137.8	136.0	1.3
	Indice de régularité—certains grands trains	76.9	68.0	13.1
	Parcours journalier des diesels en service (en milles)	494	501	(1.4)
<b>Longueur moyenne des lignes exploitées, en milles</b>		<b>24,499.95</b>	<b>24,510.72</b>	—



# Statistiques de l'exploitation ferroviaire

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		1968	1967	% d'augmentation ou de diminution
<b>Trains-milles</b>	Service marchandises	34,105,259	37,501,142	(9.1)
	Service voyageurs	21,071,095	22,009,863	(4.3)
	Trafic de service	1,329,276	1,448,289	(8.2)
	<b>Total des trains-milles</b>	<b>56,505,630</b>	<b>60,959,294</b>	<b>(7.3)</b>
<b>Locomotives-milles</b>	Service marchandises	34,420,196	37,832,788	(9.0)
	Service voyageurs	18,559,581	19,334,210	(4.0)
	Manœuvres—lignes et triages	17,925,460	18,671,578	(4.0)
	Trafic de service	1,519,408	1,670,024	(9.0)
	<b>Total des locomotives-milles</b>	<b>72,424,645</b>	<b>77,508,600</b>	<b>(6.6)</b>
<b>Wagons-milles</b>	<b>Marchandises:</b>			
	Wagons chargés	1,276,952,539	1,283,960,926	(0.5)
	Wagons vides	834,834,519	839,157,009	(0.5)
	Fourgons de queue	39,280,381	40,862,204	(3.9)
		<b>2,151,067,439</b>	<b>2,163,980,139</b>	<b>(0.6)</b>
	<b>Voyageurs:</b>			
	Voitures ordinaires et mixtes	50,399,422	58,781,554	(14.3)
	Voitures-lits, voitures-salons et panoramiques	59,313,406	72,324,982	(18.0)
	Voitures-restaurants	18,143,292	18,754,949	(3.3)
	Automotrices	5,202,783	5,964,787	(12.8)
	Autres (bagages, messageries, etc.)	59,920,368	75,958,534	(21.1)
		<b>192,979,271</b>	<b>231,784,806</b>	<b>(16.7)</b>
	<b>Service d'entretien</b>	<b>1,376,327</b>	<b>2,066,354</b>	<b>(33.4)</b>
	<b>Total des wagons-milles</b>	<b>2,345,423,037</b>	<b>2,397,831,299</b>	<b>(2.2)</b>
<b>Tonnes-milles</b>	Tonnes-milles brutes—tous services (à l'exclusion des voitures en service voyageurs)	105,784,624,000	104,465,128,000	1.3
	Tonnes-milles nettes—tous services	50,951,714,000	49,960,420,000	2.0

		1968	1967	Tonnes	Augmentation (diminution) %
<b>Analyse du trafic commercial (en tonnes)</b>	Produits agricoles	12,807,759	15,477,533	(2,669,774)	(17.2)
	Animaux et produits d'origine animale	777,985	792,924	(14,939)	(1.9)
	Produits miniers	33,929,854	32,329,586	1,600,268	4.9
	Produits forestiers	13,174,399	12,910,605	263,794	2.0
	Produits ouvrés et divers	41,624,434	38,358,892	3,265,542	8.5
	Tous transports en wagons complets	102,314,431	99,869,540	2,444,891	2.4
	Tous transports de détail	100,768	332,395	(231,627)	(69.7)
	<b>Total général</b>	<b>102,415,199</b>	<b>100,201,935</b>	<b>2,213,264</b>	<b>2.2</b>

# Situation financière des caisses fiduciaires de retraite au 31 décembre 1968

58

<b>Réserve mathématique</b>	<b>Au 31 décembre 1967</b>	<b>\$1,359,253,758</b>
	<b>Augmentations en cours d'exercice:</b>	
	Cotisations du personnel:	
	—courantes	24,368,654
	—arriérées	2,297,916
	Contribution de la Compagnie	41,304,672
	Revenu net des placements	39,214,027
		<hr/>
		107,185,269
		<hr/>
	<b>Diminutions en cours d'exercice:</b>	
	Retraites	46,065,616
	Remboursements (départs)	5,629,055
		<hr/>
		51,694,671
<b>Répartition de l'actif</b>	<b>Au 31 décembre 1968</b>	<b>\$1,414,744,356</b>
	<b>Placements</b>	
	Obligations—valeur amortie (valeur marchande—\$259,472,000)	\$ 326,987,246
	Hypothèques—valeur amortie	207,635,476
	Actions—valeur d'achat, y compris des participations diverses et \$10,187,953 placés à court terme avant achat d'actions (valeur marchande—\$244,137,000)	196,050,459
	Placements à court terme—valeur d'achat	4,274,355
		<hr/>
		734,947,536
		<hr/>
	Banques	129,732
	Débiteur—Chemins de fer Nationaux du Canada	1,926,293
	Intérêts et autres éléments d'actif	6,317,545
		<hr/>
		743,321,106
		<hr/>
	Masse consolidable conformément à la Loi sur les normes de prestations de pension:	
	—Montant au 1 <sup>er</sup> octobre 1967 de la dette actuarielle amortissable en soixante ans	\$675,000,00
	—Montant au 31 décembre 1968 des versements effectués par les Chemins de fer Nationaux conformément à la Loi	3,576,750
		671,423,250
		<hr/>
		<b>\$1,414,744,356</b>

Le Vice-président et Contrôleur,  
W. R. Corner.



# Attestation de l'actuaire

J'atteste par la présente que la réserve mathématique, qui dans l'état financier des caisses de retraite des Chemins de fer Nationaux du Canada, s'élève à la somme de \$1,414,744,356 au 31 décembre 1968, est à mon avis suffisante pour satisfaire aux obligations correspondant aux

pensions déjà accordées et effectivement versées, aux pensions en instance, ainsi qu'aux pensions prévues pour le personnel en activité à la date précitée, conformément aux régimes de retraite de 1935 et de 1959, à l'exclusion des pensions que prévoyaient les régimes antérieurs.

Cyril J. Woods,  
Membre de l'Institut canadien des Actuaire.

William M. Mercer Limited,  
Montréal, le 20 février 1969.

## Rapport des vérificateurs

A l'administrateur,  
Caisses fiduciaires de retraite  
des Chemins de fer Nationaux du Canada.

Nous avons examiné l'état financier des Caisses fiduciaires de retraite des Chemins de fer Nationaux du Canada au 31 décembre 1968. Notre examen a notamment comporté l'étude générale des méthodes comptables et les sondages des livres et des pièces justificatives que nous avons jugés nécessaires en l'occurrence.

A notre avis, l'état financier a été établi de manière à refléter fidèlement la situation desdites caisses au 31 décembre 1968 et les résultats de l'exercice clos à cette date, conformément aux principes comptables générale-

ment admis et appliqués selon les mêmes modalités qu'au cours de l'exercice précédent.

Nous estimons également que l'administrateur a tenu les livres comptables voulus et n'a pas excédé ses compétences en procédant aux opérations dont nous avons pris connaissance.

Touche, Ross, Bailey & Smart,  
Comptables agréés.

le 21 février 1969.

# Rétrospective statistique des 25 dernières années

Exercice	Recettes brutes	Recettes expl. ferrov.	Dépenses expl. ferrov.	Profit (perte) net expl. ferrov.	Autres revenus	Bénéfice (déficit) avant charges financ.	Intérêts de la dette	Bénéfice (déficit)	Tonnes- milles commer- ciales	Produit moyen, tonne- mille commer- ciale	Voyageurs- milles taxés	Produit moyen, voyageur- mille	Moyenne des effectifs
	Millions	Milliers	Milliers	Milliers	Milliers	Milliers	Milliers	Milliers	Millions	c.	Millions	c.	
1944	\$ 446.8	\$434,149	\$366,680	\$ 67,469	\$ 6,032	\$ 73,501	\$ 50,474	\$ 23,027	36,016	.893	3,697	2,165	108,278
1945	439.7	426,233	358,972	67,261	6,505	73,766	49,010	24,756	34,600	.915	3,338	2,266	110,591
1946	407.6	393,246	361,634	31,612	6,111	37,723	46,685	(8,962)	30,812	.975	2,289	2,531	109,809
1947	446.0	430,512	406,335	24,177	5,864	30,041	45,926	(15,885)	32,945	1.040	1,845	2,693	112,801
1948	499.7	483,396	471,589	11,807	1,002	12,809	46,342	(33,533)	32,943	1.195	1,755	2,773	115,395
1949	509.4	491,478	484,728	6,750	(161)	6,589	48,632	(42,043)	30,922	1.276	1,621	3,167	116,057
1950	562.6	543,275	502,252	41,023	3,138	44,161	47,422	(3,261)	31,988	1.394	1,408	3,356	116,347
1951	634.1	612,802	585,615	27,187	5,958	33,145	48,177	(15,032)	36,435	1.369	1,611	3,489	124,608
1952	684.5	661,349	640,233	21,116	4,441	25,557	25,415	142	38,430	1.397	1,635	3,566	131,297
1953	707.7	680,669	660,248	20,421	9,199	29,620	29,376	244	36,678	1.509	1,539	3,610	130,109
1954	652.1	623,552	623,965	(413)	4,182	3,769	32,527	(28,758)	32,882	1.529	1,472	3,628	122,237
1955	693.9	664,613	630,140	34,473	9,249	43,722	33,004	10,718	35,677	1.511	1,464	3,662	119,430
1956	785.7	754,931	710,977	43,954	13,906	57,860	31,783	26,077	41,935	1.461	1,501	3,758	126,639
1957	764.4	732,427	735,679	(3,252)	10,651	7,399	36,972	(29,573)	36,674	1.601	1,499	3,873	124,620
1958	716.3	680,993	698,327	(17,334)	12,264	(5,070)	46,521	(51,591)	35,077	1.554	1,269	3,980	113,086
1959	751.9	712,976	719,000	(6,024)	11,234	5,210	48,798	(43,588)	35,542	1.613	1,272	3,927	111,538
1960	723.4	663,214	681,692	(18,478)	12,004	(6,474)	61,023	(67,497)	34,011	1.547	1,208	3,990	104,155
1961	745.5	677,380	693,605	(16,225)	11,393	(4,832)	62,476	(67,308)	34,723	1.480	1,076	4,038	99,564
1962	772.1	701,623	707,442	(5,819)	19,398	13,579	62,498	(48,919)	35,595	1.487	1,044	4,212	97,922
1963	800.0	725,181	720,170	5,011	16,179	21,190	64,204	(43,014)	40,171	1.375	1,189	3,730	92,571
1964	864.2	782,632	775,175	7,457	16,477	23,934	62,660	(38,726)	44,516	1.355	1,613	3,212	93,194
1965	914.7	827,292	817,382	9,910	18,635	28,545	61,960	(33,415)	46,131	1.385	1,782	3,274	93,438
1966	998.6	906,142	881,874	24,268	15,841	40,109	64,702	(24,593)	49,643	1.376	1,995	3,382	92,604
1967	1,049.9	945,213	942,444	2,769	26,414	23,183	65,052	(35,869)	48,781	1.390	2,495	3,363	93,060
1968	1,072.7	961,869	943,140	18,729	22,545	41,274	70,451	(29,177)	49,664	1.428	2,046	3,452	85,240





Innovation is the key to progress in the transportation industry today. The design of the cover of this Annual Report, and the photographs accompanying the text, illustrate areas where CN is developing and using new methods and new equipment. The cover suggests the scope, the flow patterns and the inter-modal aspects of the "container revolution" in which the Company is playing a leading part.

L'industrie des transports est en pleine mutation. La couverture de ce rapport et les photos qui accompagnent le texte illustrent l'évolution et le renouvellement des méthodes et du matériel du CN. La "révolution" du container dans laquelle notre compagnie joue un rôle de premier plan se traduit, en couverture, par une illustration schématique des possibilités, de la souplesse et de l'universalité du cadre métallique.



A BRIEF HISTORICAL OUTLINEOctober  
1956

The Canadian National was not built as a system but is the result of an amalgamation of Government-owned and privately-owned railways which, because of insolvency, were brought under one management to better serve the Canadian people.

The principal railways affected were:

- (1) The Intercolonial
- (2) The National Transcontinental
- (3) The Grand Trunk
- (4) The Grand Trunk Pacific
- (5) The Canadian Northern.

THE GRAND TRUNK RAILWAY

The history of the Grand Trunk is the story of pioneer rail-roading in Canada and is inseparably linked with the growth and industrial development of Ontario and Quebec.

The Grand Trunk Railway of Canada was incorporated by Act of Parliament in 1852 to develop a railway system in Canada and the United States by building, or acquiring by purchase or lease, any property which might be considered useful in such a development. The term "Grand Trunk" as used in the 1850's signified a main line running from east to west of Canada, then the provinces of Quebec and Ontario. The line was built and connected the Atlantic ports of Montreal in summer and Portland in winter with midwestern United States roads.





At the time of its amalgamation with the Canadian National in 1923 it had a total first track mileage of 4,776, of which 3,572 miles were in Canada and 1,204 in the United States. These figures do not include the Central Vermont, which the Grand Trunk controlled through stock ownership.

The principal lines in Canada were from Windsor and Sarnia, Ont., by way of Toronto and Montreal, to the international boundary at Norton, Vt. from Norton it extended through the states of Vermont, New Hampshire and Maine to the seaboard at Portland. In the west it connected at Port Huron with the Grand Trunk Western (part of the system) by means of a tunnel under the St. Clair River, and at Windsor again with the Grand Trunk Western by means of a car ferry.

It also had direct connection with United States roads at Rouses Point, Massena, Niagara Falls and Buffalo, N.Y., and by means of a car ferry across the St. Lawrence River between Cobourg, Ont., and Rochester. Thus, in conjunction with the Grand Trunk Western, it provided a through route from Chicago to Portland, Maine, and through its subsidiary, the Central Vermont, from Chicago to New England points.

By 1923, 125 companies had been merged into the Grand Trunk. It is of interest to trace the history of the principal lines which went to make up the system as it existed in 1923.

Before incorporation of the Grand Trunk, several railways had been built which were immediately incorporated in the scheme. The most important of these was the Atlantic & St. Lawrence.

Two companies had been incorporated in 1845 to build a railway from Montreal to Portland to provide a port during the season of the year



during which Montreal could not be used. The Atlantic & St. Lawrence was incorporated in the United States to build from Portland to the United States-Canada border and the St. Lawrence & Atlantic to build from Montreal to the border.

In addition to providing an outlet to a winter port the thought behind construction of the Grand Trunk was that traffic from the rapidly developing midwestern states could also move over the Canadian route to the Atlantic seaboard during the winter.

Construction was commenced in 1848 and the through line completed to Montreal in 1853. The St. Lawrence & Atlantic Rail Road Company amalgamated with the Grand Trunk in April 1853, and the Atlantic & St. Lawrence was leased to the Grand Trunk for 999 years from July 1st, 1853. The original gauge was 5'6". The Grand Trunk adopted the same gauge.

Before 1853 there had been various projects for a railway connecting Montreal and Toronto, but the only line actually constructed was a portage railway, the Montreal & Lachine, 9 miles long, which was opened in 1847.

The Champlain and St. Lawrence Railway -- Canada's first -- had been completed in 1836, and became part of the Grand Trunk in 1864. It was built to connect Laprairie, on the St. Lawrence River opposite Montreal, with St. Johns, on the Richelieu River, and in 1851 was extended to Rouses Point, N.Y.

The line between Quebec and Richmond was built between 1848 and 1854, and, immediately on completion, was operated by the Grand Trunk which extended it to Riviere du Loup.





Further east, Nova Scotia had already built a line from Halifax to Truro. After the Grand Trunk reached Riviere du Loup, the Intercolonial Railway construction project to link Riviere du Loup and Truro was undertaken in 1867 as a Federal Government project. Surveying and construction on this eastern line were directed by the noted engineer Sir Sanford Fleming. It was opened for traffic between Halifax and Levis, opposite Quebec City, on July 1, 1876.

Meanwhile, the Grand Trunk proceeded with construction of its main line between Montreal and Toronto. Workmen had started in 1853 to push the rails out from both cities. The Montreal-Brockville section was completed first and was opened in 1855. In 1856 the Toronto-Brockville line was ready. A line was built west from Toronto to Point Edward the same year.

On October 27, 1856, a wood-burning locomotive puffed out of the Point St. Charles Station in Montreal hauling seven coaches filled with dignitaries. The train made the trip to Toronto in 15 hours, a great accomplishment for those times since the journey had previously taken up to three weeks by road and river. A larger 10-coach train, meanwhile ran from Toronto to Montreal to complete the inauguration.

To tap U.S. traffic, the line west of Toronto was extended to Sarnia in 1859 and a ferry service was established across the St. Clair River to Fort Gratiot (Port Huron). In 1859 a connection was built by the G.T.R. between the Great Western Railway at London and the Grand Trunk at St. Mary's. Since the Great Western served Windsor (Detroit), another U.S. link was forged.





A bridge over the St. Lawrence was an essential element in the "Trunk" route to Portland. Victoria Bridge, spanning the St. Lawrence at Montreal, was started in 1854. The first train operated over it in 1859. The original structure was a single-track tubular iron bridge with a total distance including approaches of 9,155 feet. The tube section stretched 6,592 feet. The tube, which was entirely enclosed, caused a great deal of difficulty because of lack of ventilation. Later a slit 20" wide was cut in the tube roof to allow the smoke to escape. In 1898 the tube was replaced by the present double-track steel bridge.

#### GREAT WESTERN RAILWAY

In 1834 a railway known as the London & Gore was incorporated, to build a line between Niagara Falls and Windsor, but no action was taken and the charter lapsed. In 1845 it was renewed in the name of the Great Western Railway, to run from the Niagara River, via Hamilton and London, to Windsor and Sarnia.

The first sod of the Great Western was turned in 1847, but actual construction did not begin until 1852. Its financing secured, the road was then pushed to completion and opened for traffic in 1854. It connected with American railways by means of a car ferry at Windsor, and at Niagara Falls, by means of a bridge over the Niagara Gorge.

In 1855 a branch was built from Hamilton to Toronto to connect with the Grand Trunk. It is interesting that the line between Hamilton and Toronto is today the heaviest traffic line of the C.N.R. system but, up to recent years, was often referred to as the "branch".

The Great Western tapped also Michigan traffic with a branch line from Komoka (near London) to Sarnia. Here it operated a ferry



service across the St. Clair River. It was an important strategic railway in Ontario and a very strong competitor of the Grand Trunk, which it paralleled from Toronto to Sarnia, and competing with it for U. S. traffic at Sarnia and Windsor. Following rate wars the Grand Trunk bought out the Great Western in 1882.

#### MIDLAND RAILWAY

At the time that the Grand Trunk was building from Montreal to Toronto, lines were being built by private interests north from Belleville, Trenton and Scarborough. These ultimately reached Georgian Bay at Midland and provided service to Peterborough and Lindsay. Through the course of years these lines were amalgamated into the Midland Railway. The Grand Trunk leased them in 1884 and they were finally merged into its properties in 1893.

(x)

#### CANADA ATLANTIC RAILWAY

J.R. Booth had built the Canada Atlantic Railway from Depot Harbor on Georgian Bay, through Ottawa to Alburgh, Vt., a distance of 466 miles. The Grand Trunk wanted an entry into Ottawa and also another entry to Georgian Bay. It bought the Canada Atlantic in 1905. The Canada Atlantic Transit Company, a subsidiary, operated a line of ships between Depot Harbor (Georgian Bay), Chicago and Milwaukee. Thus it possessed a through lake and rail service between the U.S. West and New England.

#### OTHER DEVELOPMENTS

Ferrying United States traffic across the St. Clair River was an annoying delay. In 1888 construction was commenced on a single-track tunnel under the St. Clair River. This opened in 1891





(X)

NORTHERN RAILWAY

In 1853 and subsequent years a line had been built by private interests from Toronto through Aurora and Allandale to Collingwood on Georgian Bay; lines had also been built from Port Dover on Lake Erie, through Hamilton and Georgetown to Allandale and an extension built from Allandale to North Bay. These lines had become merged and known as the Northern Railway; they were merged into the Grand Trunk in 1888.

A number of lines built to serve the Bruce Peninsula at Wiarton, Southampton and Kincardine were acquired by the Grand Trunk in 1882.





and connected the former Great Western line at Sarnia with the lines which the Grand Trunk acquired and built from Port Huron to Chicago. At the same time a line was built from the former Grand Trunk terminus at Point Edward to connect with the St. Clair tunnel.

American traffic was not won easily. In 1859 the Chicago, Detroit & Canada Grand Trunk Junction Railway was leased to the Grand Trunk for 999 years. This supplied a connection with the Michigan Central at Detroit and was an outlet for the Grand Trunk westerly from the St. Clair River to Chicago until 1875. In 1875 the Michigan Central was acquired by the New York Central interests, however, and it was quickly apparent that the outlet via the Michigan Central could not be relied upon.

A through line to Chicago was essential and the Grand Trunk established such a line between 1871 and 1880 by purchase of several local railways and the construction of connecting lines. It also purchased the Detroit, Grand Haven & Milwaukee Railway, providing a line from Detroit, through Pontiac and Durand to Grand Haven.

By other purchases, various branch lines were acquired in the State of Michigan and an outlet to Lake Michigan at Muskegon, from which point ferry service was established across Lake Michigan to Milwaukee, Wis.

#### CENTRAL VERMONT RAILWAY

The Central Vermont Railway, controlled by the Grand Trunk through stock ownership, extends from East Alburgh, Vt., to New London, Conn., with several branch lines serving points in New England. At White River Junction it connects with the strategic Boston & Maine. For many years the Central Vermont operated a ferry service from New London,



Conn., to New York City for L.C.L. and break bulk car-load freight. This has since been discontinued.

### THE INTERCOLONIAL RAILWAY

In 1879 the Intercolonial purchased from the Grand Trunk its line between Riviere du Loup and Chaudiere, the Grand Trunk reserving running rights from Chaudiere to Point Levis, opposite Quebec. In 1889 the Drummond County Railway, which had been built from Chaudiere to a junction with the Grand Trunk at Ste. Rosalie, was purchased by the Dominion Government and incorporated with the Intercolonial Railway.

At the same time the Intercolonial secured running rights over the Grand Trunk to Montreal and thus was established a through route from Halifax and Saint John to Montreal.

### NATIONAL TRANSCONTINENTAL RAILWAY

The turn of the century brought a period of prosperity and expansion to North America. It was a time of maximum emigration from the United Kingdom and Europe, and of agricultural expansion in the Canadian West. The C.P.R. was then the only transcontinental railway. Its single-track line handled the great wheat crops with congestion and delays.

The Canadian Northern, which owned a few miles in the West and was rapidly expanding, and the long established Grand Trunk, with a network of lines in Ontario and Quebec, both wished to share in the long-haul traffic originating west of the Great Lakes. At the same time, the people of the West were pressing for railway expansion and for effective competition with the C.P.R. This gave encouragement to the Canadian Northern and, in 1902, it built from Winnipeg to Port Arthur.





Proposals were made that the Canadian Northern should expand in the West and the Grand Trunk in the East, and a line to be used in common by these railways constructed between the East and the West.

All negotiations to this end failed. The Grand Trunk proposed to build from North Bay to the Pacific Coast, but this was not acceptable to the Canadian Government as it was feared in some quarters, that this would mean a diversion of western traffic to Portland, Maine, instead of the Canadian ports of Halifax and Saint John.

A disastrous solution was reached: the Grand Trunk would build from Winnipeg to the Pacific Coast, and the Government would build a connecting line -- the National Transcontinental -- from Moncton to Winnipeg.

The National Transcontinental was financed by Government funds with the Grand Trunk Railway approving the specifications for the project. On completion the line was to be leased to the Grand Trunk Pacific for operation, without rental, for 7 years, and 3% on the cost for the next 43 years. The Government claimed that one of the most important reasons for building it as a Government railway and retaining control was that it could be used as a common outlet for both eastern and western railways.

Construction started in 1905. The cost of construction exceeded the original estimates by a considerable amount. The Grand Trunk was unable to carry the load of interest and, in 1913, the National Transcontinental Railway was placed under the management of the Intercolonial Railway.





It was necessary for the N.T.R. to cross the St. Lawrence at Quebec and it was agreed that the Quebec Bridge should be built by the Government and used by the National Transcontinental Railway without charge. This great bridge was completed in 1917.

The only connections between the National Transcontinental Railway and other railways of the country between Quebec and Winnipeg were the former T. & N.O. Ry. (now Ontario Northland) at Cochrane and the Algoma Central & Hudson Bay Ry. at Hearst.

The Grand Trunk Pacific, realizing that the normal movement of grain, especially during the fall months, was through the terminal elevators at Port Arthur and Fort William, in 1908, built a line from Sioux Lookout on the National Transcontinental Railway to Fort William. The National Transcontinental Railway was opened for traffic throughout on June 1, 1915.

#### THE GRAND TRUNK PACIFIC

By 1900 the Grand Trunk owned a network of lines covering Quebec and Ontario, it also reached Chicago and Portland, Maine, via subsidiary lines. But its directors looked enviously at the long-haul traffic developing in the west. Westbound traffic had to be handed over to the Canadian Pacific at North Bay, and the C.P.R. did not return the favour; it used its own lines to distribute eastbound traffic from the west.

When the government decided to build the National Transcontinental from Moncton to Winnipeg, it also agreed to give the Grand Trunk a financial aid in building a line west from Winnipeg to Prince Rupert, the Grand Trunk Pacific.



Construction of both the Grand Trunk Pacific and the National Transcontinental was begun in 1905. Work on the Grand Trunk Pacific proceeded both from Winnipeg and Prince Rupert and rails were connected on April 9th, 1914, at a point 374 miles east of Prince Rupert. The route of the G.T.P. was westerly from Winnipeg to Edmonton, between the Canadian Northern on the north and the Canadian Pacific on the south, thence through the Yellowhead Pass, following the Fraser and Skeena Rivers to Prince Rupert on the Pacific.

By utilizing the Yellowhead Pass through the Rockies it secured the lowest crossing of the Rockies and the best grades on the North American continent: branch lines were built to Regina, Prince Albert, and Calgary.

The Grand Trunk Pacific built the Fort Garry Hotel at Winnipeg and the Macdonald Hotel at Edmonton.

The port of Prince Rupert on the Pacific Coast is located 550 miles north of Vancouver and 50 miles from the Alaskan boundary. It has a splendid harbor and provides the shortest steamship route from Canada to the Orient. The Grand Trunk Pacific purchased steamships and provided a coastal service from Seattle to Vancouver, Victoria, Prince Rupert and Alaskan ports.

The financial success of such a railway depended upon rapid settlement and consequent development of traffic in the west. A recession in business between 1912 and 1914 and the outbreak of war in 1914 interfered with this development.

As a consequence, and also because construction costs had been much higher than anticipated, the Grand Trunk Pacific found itself





in financial difficulties and had to turn to the Government for further aid. This was refused and in order that operation might be maintained the Government took over the Grand Trunk Pacific, as receiver, in 1919.

#### CANADIAN NORTHERN RAILWAY

The Canadian Northern Railway began with a few small, local roads in Western Canada, but due to the ambition, enterprise and vision of two men, William Mackenzie and Donald Mann, it grew into the third of Canada's great railways and at the time it was taken over by the Canadian Government had a complete system from Montreal to Vancouver, with numerous branches.

Mackenzie and Mann started out in 1896. Rapid settlement offered many opportunities for competition with the Canadian Pacific, and the partners wasted no time. In 1901 the first eastward move was made with construction of a three-mile line from Parry Sound, Ont., to a junction with the Canada Atlantic Railway near South Parry. In 1903 the Canadian Northern acquired the Great Northern of Canada, the Chateauguy & Northern (Riviere a Pierre to Hawkesbury and Montreal to Joliette) and the Montfort colonization line, running from a point north of St. Jerome, Que., to Montfort. In Nova Scotia the railway acquired the Central Railway from Middleton to Lunenburg, N.S.

By 1905 Hawkesbury had been connected with Ottawa, and the system was also expanding in the west. In 1908 the line started surveying and finally, in 1915, a line through the Yellowhead Pass connected Edmonton with Vancouver.





During the same prosperous years the Lake Superior section, Port Arthur-Capreol-Ottawa, was built and by 1915 the Canadian Northern had a transcontinental railway from Quebec to Vancouver.

During the same period branches had been acquired and built in the West and in 1915 there was a total of 9,362 miles. These lines were built cheaply with the idea of improvement as traffic developed. It was a patch-work railway as compared with the Canadian Pacific, which had been built as a unit, and it consisted of a number of separately incorporated companies.

#### AMALGAMATION

The years 1900 to 1915 were a time of great prosperity in Canada, and railway mileage doubled during the period. But by 1912 the prosperity wave had begun to recede and it became increasingly difficult for Canadian lines to float loans in England.

Neither the Canadian Northern nor the Grand Trunk Pacific had been completed and further capital expenditures were necessary. The first World War brought traffic and increased earnings; but it also boosted costs and ended borrowing. In 1913 the Grand Trunk Pacific repudiated its agreement to take over the completed National Transcontinental, and this road became part of the Canadian Government Railways in June 1915. In 1914 both the G.T.P. and the Canadian Northern were in financial trouble, and the federal government granted loans to keep them operating.

When, in 1916, further loans were requested, it was decided to grant these to keep the roads operating until the situation could be reviewed and policy established. To this end a Royal Commission was appointed.



In 1917 the majority report by Sir Henry Drayton and A.C. Ackworth recommended that the government take over the G.T.R., the G.T.P., the Canadian Northern, the Intercolonial, and the National Transcontinental, to forge them into one system. Such action, it was said, would maintain adequate rail transportation, prevent dislocation of Canada's credit, protect past government investment in the lines, and insure permanency to the railways.

In 1917 a bill was introduced in Parliament providing for the taking over of the Canadian Northern. In September 1918, the Government appointed a new Board of Directors and charged it with the operation of the Canadian Government Railways, authorizing the use of the name Canadian National Railways. In 1919 the G.T.R. notified Ottawa that it would not continue to operate the Grand Trunk Pacific and, in March of that year, the G.T.P. was taken over with the Minister of Railways as receiver. In 1920 management was entrusted to a board of directors appointed for the C.N.R.

The parent company was also in trouble. Agreement was reached in October, 1919, covering acquisition of the Grand Trunk. From May, 1920, to May, 1921, the G.T.R. was operated by a Board of Management representing the Canadian National and the Grand Trunk, composed of officers of both companies. A new Board under the chairmanship of Sir Joseph Flavelle took over in 1921 and operated the property until 1923, when formal amalgamation into the Canadian National System took place with Sir Henry Thornton as Chairman and President of the new Company.





By 1923, the system included the Canadian Government Railways which comprised the Intercolonial, the Prince Edward Island, and the National Transcontinental Railways, the Hudson Bay Railway, the Canadian Northern and its subsidiaries, the Grand Trunk Pacific and the G.T.R., including the Grand Trunk Western and Grand Trunk New England lines.

When Newfoundland joined Canada in 1949, the Newfoundland Railway together with the coastal steamship service, the drydock, and telegraph system, became part of the Canadian National System.

